

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 23, 2016

NEW ISSUE: FULL BOOK-ENTRY

Rating: “A1” Moody’s

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes. See “LEGAL MATTERS – Tax Exemption” and “Form of Legal Opinion” for the Notes herein. The Notes will be designated by the City as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

OFFICIAL STATEMENT

**CITY OF PRAIRIE DU CHIEN
CRAWFORD COUNTY, WISCONSIN
\$1,830,000***

GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2016

Dated: Date of Delivery

Delivery: On or about October 25, 2016

The \$1,830,000* General Obligation Promissory Notes, Series 2016 (the “Notes”) are being issued by the City of Prairie du Chien, Wisconsin (the “City”) pursuant to Wisconsin Statutes, Section 67.12(12). The Notes will be issued for public purposes, including financing certain capital projects and the refunding of certain obligations of the City as described in “DESCRIPTION OF THE NOTES – Purpose,” herein, and to pay the costs of issuing the Notes. The Notes will be general obligations of the City for which its full faith and credit and unlimited taxing powers are pledged.

The Notes will be issued as fully registered notes without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (the “Depository” or “DTC”). The Depository will act as securities depository of the Notes. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased. (See “Book-Entry-Only System” herein.)

Principal, payable on June 1 as set forth below, and interest on the Notes, payable semiannually on each June 1 and December 1 commencing June 1, 2017, will be paid to the Depository, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Notes. See “Book-Entry-Only System” herein.

<u>Year</u>	<u>Principal Amount</u>	<u>Rate</u>	<u>Yield</u>
2017	\$ 410,000	_____%	_____%
2018	295,000	_____%	_____%
2019	260,000	_____%	_____%
2020	225,000	_____%	_____%
2021	100,000	_____%	_____%
2022	100,000	_____%	_____%
2023	110,000	_____%	_____%
2024	110,000	_____%	_____%
2025	110,000	_____%	_____%
2026	110,000	_____%	_____%

The Notes are not subject to optional redemption by the City.

Bank Qualified: The Notes are designated as “qualified tax-exempt obligations.”

Bids Received and Opened: Tuesday, October 4, 2016 at 10:00 A.M. Central Time
Office of Public Financial Management, Inc., Milwaukee, Wisconsin

Legal Opinion: Quarles & Brady LLP, Milwaukee, Wisconsin

* Preliminary, subject to change. Par amounts, rates, and reoffering yields will be set forth in the final Official Statement.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold, nor may offers to buy be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b) (1), except for the omission of certain information described in the rule, but is subject to revision, amendment, and completion in a Final Official Statement.

No dealer, broker, sales representative or other person has been authorized by the City, the Financial Advisor or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, the Financial Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the City and other sources which are believed to be reliable, but it is not to be construed as a representation by the Financial Advisor or Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in any other information contained herein, since the date hereof.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the City's \$1,830,000 General Obligation Promissory Notes, Series 2016 (the "Notes"), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.*

Issuer:	City of Prairie du Chien, Wisconsin.	
Dated Date:	Date of Delivery.	
Delivery:	The City will deliver the Notes through facilities of DTC (see "Book-Entry-Only System herein) within 45 days against payment in immediately available funds. Delivery is expected on or about October 25, 2016.	
Security:	The Notes will be general obligations of the City, secured by an unlimited tax levy. The Notes will be payable from ad valorem taxes levied upon all taxable property in the City which may be levied without limitation of rate or amount.	
Purpose and Authority:	The Notes are being issued to finance certain capital projects, to refund certain obligations of the City, and to pay the costs of issuing the Notes pursuant to the Laws of the State of Wisconsin including Section 67.12(12) of the Wisconsin Statutes, a resolution adopted by the Common Council on September 6, 2016, and a resolution to be adopted by the Common Council on October 4, 2016.	
Optional Redemption:	The Notes are not subject to optional redemption by the City.	
Denominations:	\$5,000 or integral multiples thereof.	
Record Date:	The 15th day of the calendar month preceding the payment date.	
Principal Payment:	Annually, June 1, 2017 through 2026.	
Interest Payments:	On each June 1 and December 1, commencing June 1, 2017.	
Tax Exemption:	Interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes, see "LEGAL MATTERS - Tax Exemption" herein. Interest on the Notes is not exempt from Wisconsin income or franchise taxes.	
Bank Qualified:	The Notes will be designated as "qualified tax-exempt obligations."	
Professional Consultants:	<i>Financial Advisor:</i>	Public Financial Management, Inc. Milwaukee, Wisconsin
	<i>Bond Counsel:</i>	Quarles & Brady LLP Milwaukee, Wisconsin
Paying Agent/Registrar:	The City Clerk/Treasurer	

* Preliminary, subject to change.

- Legal Matters:** Legal matters incident to the authorization and issuance of the Notes are subject to the opinion of Quarles & Brady LLP, Bond Counsel, as to validity and tax exemption. The opinion will be substantially in the form set forth in Appendix B attached hereto. Bond Counsel has not assumed responsibility for this Official Statement or participated in its preparation (except with respect to the section entitled “Legal Matters – Tax Exemption” and the “Form of Legal Opinion” attached hereto as Appendix B) and has not performed any investigation as to its accuracy, completeness or sufficiency.
- Conditions Affecting Issuance of Obligations:** The Notes are offered when, as and if issued, subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.
- Book-Entry-Only:** The Notes will be issued as book-entry-only securities through The Depository Trust Company.
- No Litigation:** There is no litigation now pending or, to the knowledge of City officials, threatened, which questions the validity of the Notes or of any proceedings of the City taken with respect to the issuance or sale thereof.
- Limitations on Offering or Reoffering Securities:** No dealer, broker, sales representative or other person has been authorized by the City or the Financial Advisor to give any information or to make any representations other than those contained in the Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the City, or the Financial Advisor. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.
- Continuing Disclosure:** In the resolution awarding the sale of the Notes, the City will covenant and agree, for the benefit of the holders of the Notes from time to time, to comply with the provisions of Securities and Exchange Commission Regulations, 17 C.F.R. Section 240, Paragraph (b)(5) of 15c2-12, (the “Rule”); and, for this purpose, to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the “MSRB”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The City is the only “obligated person” in respect of the Notes within the meaning of the Rule. A description of the undertaking is in Appendix C.

The Preliminary Official Statement is in a form deemed final as of its date for purposes of the Rule, but is subject to minor revision or amendment in accordance with the Rule. Not later than seven business days following the award of the Notes, the City shall provide copies of the final Official Statement, as that term is used in the Rule, to the purchaser of the Notes.

Questions regarding the Notes or the Official Statement can be directed to and additional copies of the Official Statement, the City’s audited financial reports and the Resolution authorizing the Notes may be obtained from Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, (414) 771-2700, the City’s financial advisor.

DESCRIPTION OF THE NOTES

Authorization and Purpose

The Notes are being issued pursuant to authority granted, and in the manner required by Section 67.12(12) of the Wisconsin Statutes, a resolution adopted by the Common Council on September 6, 2016, and an award resolution to be adopted by the Common Council on October 4, 2016 (collectively, the “Resolution”).

The Notes will be issued for public purposes, including paying the cost of a flood mitigation project, City Hall roof replacement, park and recreation projects and equipment and acquisition of a dump truck and equipment for the fire department (collectively, the “Project”), the refunding of certain obligations of the City as described in Table 1, and to pay the cost of issuing the Notes.

Table 1
Refunded Obligations

<u>Dated</u>	<u>Issue</u>	<u>Maturities Outstanding</u>	<u>Maturities Refunded</u>	<u>Refunded Amount</u>	<u>Redemption Date</u>
12/27/2007	General Obligation Refunding Bonds, Series 2007	2016-2020	2017-2020	\$ 1,035,000	12/01/2016
06/24/2008	General Obligation Promissory Notes, Series 2008D	2017-2018	2017-2018	310,000	11/03/2016

Sources and Uses

The estimated sources and uses for the Notes are as follows.

Table 2
Estimated Sources and Uses

<u>Estimated Sources:</u>	
Par Amount of Notes	\$ 1,830,000
Cash - Environmental TID	190,000
Cash - 2008 Debt Service Fund	6,338
Cash - TID No. 4	1,819
Cash - TID No. 5	2,370
Total Sources of Funds	<u>\$ 2,030,527</u>
 <u>Estimated Uses:</u>	
Project Fund	\$ 623,000
Refunded Principal - 2007 Bonds	1,035,000
Refunded Principal - 2008 Notes	310,000
Accrued Interest - 2008 Notes	5,352
Estimated Cost of Issuance	57,175
Total Uses of Funds	<u>\$ 2,030,527</u>

Security Provisions

Non-repealable, Direct, Annual Tax. As security for the Notes, the City pledges its full faith, credit and taxing powers and there will be levied on all of the taxable property in the City a non-repealable, direct, annual tax in an amount and the times sufficient to pay the principal of and interest on the Notes.

The Resolution provides that the taxes will be, from year to year, carried onto the tax rolls of the City and collected as other taxes are collected and that the City shall not repeal such levies or obstruct the collection of the taxes. Provision is made for reducing the amount of taxes carried onto the tax rolls by the amount of any surplus money in the Debt Service Fund for the Notes.

Redemption Provisions

The Notes are not subject to optional redemption by the City.

Interest Payments and Computation

Interest on the Notes will be computed on a 360-day year, 30-day month basis. Payments coming due on a non-business day will be paid the following business day. Interest will be payable semiannually on June 1 and December 1 commencing June 1, 2017.

Registration, Transfer and Exchange

The Notes will be initially registered in the name of Cede & Co., as nominee of the Depository. The Depository will act as securities depository for the Notes. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Notes purchased. See “Book-Entry-Only System.”

Book-Entry-Only System

The information contained in the following paragraphs of this subsection “Book-Entry-Only System” has been extracted from a schedule prepared by The Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE.” The City makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each annual maturity of each series of the Notes, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The

Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or paying agent (“Agent”), on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Notes are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Notes will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

NEITHER THE CITY, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE NOTES; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE NOTES.

Continuing Disclosure

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the City shall covenant pursuant to a resolution adopted by the Governing Body to enter into an undertaking (the "Undertaking") for the benefit of holders including beneficial holders of the Notes to provide certain financial information and operating data relating to the City annually to the Municipal Securities Rulemaking Board (the "MSRB"), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Notes are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C.

In the previous five years, the City believes it has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the City to comply with the Undertaking will not constitute an event of default on the Notes (although holders will have the right to obtain specific performance of the Notes under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

The City will file its continuing disclosure information using the MSRB's Electronic Municipal Market Access (EMMA) system. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

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THE CITY

Introduction

The City is the county seat of Crawford County in southwestern Wisconsin. It is located along the Mississippi River which forms the border between Wisconsin and Iowa, approximately 90 miles west of Madison and 60 miles south of La Crosse. The City is easily accessible to U.S. Highway 18 and State Highways 27 and 35. The City was incorporated in 1872 under the General Laws of the State of Wisconsin. The City provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water and sewer, and general administrative services.

City Government

The City operates under the Mayor - Council form of government. The council members are elected to two-year staggered terms, with six members elected by district in even numbered years and two at large members elected in odd numbered years. The Mayor is elected at large to serve a two-year term. The Common Council meets in regular session twice monthly and performs the legislative and policymaking functions of city government. By statute, the Mayor presides at Council meetings and serves as the Chief Executive Officer. Since 1992, the administrative functions of the city government have been delegated to a City Administrator who is hired by and reports to the Mayor and Common Council. The current Common Council members and elected officials are listed in the tables below.

Common Council

<u>Name</u>	<u>Aldermanic District</u>	<u>Term Expires</u>
Ron Leys	1st Aldermanic District	2018
Mike Jones	2nd Aldermanic District	2018
Todd Crotty	3rd Aldermanic District	2018
Karen Solomon	4th Aldermanic District	2018
Jean Titlbach	5th Aldermanic District	2018
Todd Myers	6th Aldermanic District	2018
Nate Gilberts	At Large	2017
Edwards Hayes-Hall	At Large	2017

Elected and Appointed Officials

<u>Name</u>	<u>Title</u>
David Hemmer	<i>Mayor</i>
Aaron Kramer	<i>Administrator</i>
Barbara Elvert	<i>Clerk / Treasurer</i>
Lara Czajkowski-Higgins	<i>City Attorney</i>

Employee Relations and Collective Bargaining

The City employs approximately 225 persons, of whom 38 are full-time. Public safety and protection is provided by a police force of ten full-time officers, six part-time officers, a full-time chief, a full-time lieutenant and a full-time clerk. Fire protection is provided by 28 volunteers under the supervision of a full-time fire chief. Table 3 provides details on the City’s single bargaining unit.

All eligible City personnel are covered by the Municipal Employment Relations Act (“MERA”) of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and, after significant changes were made to the law in 2011, very limited rights to collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the “Act”) and by 2011 Wisconsin Act 32.

As a result of the 2011 amendments to MERA, the District is prohibited from bargaining collectively with municipal employees with respect to any factor or condition of employment except total base wages. Even then, the District is limited to increasing the base wages only by any increase in the previous year's consumer price index (unless the District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the District, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare.

Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement.

Table 3
Bargaining Unit

<u>Union</u>	<u>Contract Expiration</u>	<u>Number of Members</u>
Law Enforcement	December 31, 2016	10

Pension and Retirement Plan

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system.

For additional detail, please reference the City’s Audited Financial Statements for fiscal year ended December 31, 2015, as follows: NOTE 7 – DEFINED BENEFIT PENSION PLAN (attached hereto as Appendix A).

Education

The School District of Prairie du Chien Area (the “School District”) covers the City and several neighboring towns and the Village of Eastman. The School District has one elementary, one middle, and one high school. Enrollment for School District for the past five academic years is presented in Table 4. The School District employs approximately 106 teachers and 101 support/management/administration persons.

Table 4
School Enrollment¹

<u>Year</u>	<u>Total School Enrollment</u>
2015/2016	1,342
2014/2015	1,299
2013/2014	1,300
2012/2013	1,348
2011/2012	1,418

The City is located in the Southwest Wisconsin Technical College District, whose main campus is located 30 miles to the east in Fennimore. The closest University of Wisconsin campuses are the University of Wisconsin-Platteville (4 year) and the University of Wisconsin-Richland (2 year).

Services and Enterprises

The City provides water and sewerage services to its residents and accounts for these entities as Major Enterprise Funds. The water system has four wells with a maximum daily capacity of 2,795,000 gallons/day, a pumping capacity of 1,400 gallons/minute, and a peak daily usage of 2,000,000 gallons/day during 2015. The peak design flow at the wastewater treatment plant is 2,795,000 gallons/day with an average daily design flow of 2,000,000 gallons/day.

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¹ Source: Wisconsin Department of Public Instruction

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

The State of Wisconsin Department of Administration's preliminary January 1, 2016 population estimates for the City and Crawford County are 5,874 and 16,744, respectively. The population estimates from the five most recent censuses are presented in Table 5.

Table 5
Population Estimates

<u>Year</u>	<u>City</u>	Crawford <u>County</u>
2010	5,911	16,644
2000	6,018	17,243
1990	5,657	15,940
1980	5,859	16,556
1970	5,540	15,252

Unemployment

The Department of Workforce Development provides estimates of the unemployment rate for Crawford County and the State of Wisconsin. Table 6 provides that average annual unemployment rate for the last five years.

Table 6
Unemployment Rate

<u>Year</u>	Crawford <u>County</u>	State of <u>Wisconsin</u>
2015	5.9%	4.6%
2014	7.1%	5.4%
2013	8.2%	6.7%
2012	8.4%	7.0%
2011	9.2%	7.8%

Construction

Table 7 presents construction activity (remodels and new construction) within the City for the past five years.

Table 7
Building Permits

<u>Year</u>	Commercial/Industrial		Residential	
	<u># of Permits</u>	<u>Value</u>	<u># of Permits</u>	<u>Value</u>
2015	34	\$ 17,170,601	66	\$ 1,572,996
2014	17	3,816,850	57	1,489,174
2013	20	36,824,610	59	1,453,230
2012	11	3,686,662	72	1,064,729
2011	32	4,478,267	68	1,268,427

Major Employers

Table 8 provides a representative list of the major employers in the City.

Table 8
Major Employers²

<u>Employer</u>	<u>Product/Business</u>	<u>Approximate Employment</u>
Cabela's	Retail Distribution	750
3-M Co.	Sponges and Abrasives	630
Crossing Rivers Health	Health Care Center	365
Prairie Industries	Plastic Packaging	275
Design Homes	Prebuilt Homes	226
Prairie du Chien Public Schools	Education	207
PDC Correctional Facility	Correctional Facility	200
Prairie Maison and Bluff Haven	Nursing Home	140
Crawford County	Government	135
Universal Forest Products	Wood Products	100

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² City of Prairie du Chien Chamber of Commerce and the City of Prairie du Chien

FINANCIAL SUMMARY

The following financial summary presents pertinent statistics relating to property valuations as assessed in 2016 for taxes collectible in 2017, indebtedness, population and area, and the indebtedness of overlapping governmental units to the City. The information provided in the Financial Summary is subject in all respects to more complete information contained in this Official Statement.

Equalized Value - TID Included (January 1, 2016)	\$	364,783,000
General Obligation Long-Term Debt (including the Notes)	\$	10,645,000
Overlapping Debt	\$	9,705,596
Population (January 1, 2016 State Estimate)		5,874

<u>Debt Statistics</u>	<u>Amount</u>	<u>Debt Per Capita</u>	<u>Debt as % of Equalized Value</u>
Direct Debt (Levy Supported)	\$ 10,645,000	\$ 1,812	2.92%
Overlapping Debt	<u>9,705,596</u>	<u>1,652</u>	<u>2.66%</u>
Total	<u>\$ 20,350,596</u>	<u>\$ 3,465</u>	<u>5.58%</u>

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INDEBTEDNESS

General Obligation Long-Term Debt

Table 9 below and Table 10 on the following page present the City's general obligation long-term debt as of the issuance of the Notes. The City has never defaulted on any of its prior or outstanding indebtedness.

Table 9
Outstanding General Obligation Long-Term Debt by Issue³

Date of Issue	Obligation	Amount Issued	Final Maturity	Interest Rates Outstanding	Principal Outstanding
12/27/2007	Refunding Bonds, 2007 ⁴	\$ 3,155,000	12/01/2020	3.95% - 4.20%	\$ 150,000
06/24/2008	Promissory Notes, 2008D ⁴	590,000	06/01/2018	4.05% - 4.10%	--
03/09/2010	Taxable Ref. Bonds, 2010A	815,000	03/01/2017	4.10%	75,000
06/01/2010	Refunding Bonds, 2010B	770,000	06/01/2019	3.00% - 3.40%	205,000
07/12/2011	Promissory Notes, 2011	575,000	06/01/2021	2.20% - 3.20%	310,000
11/08/2011	Refunding Bonds, 2011	1,215,000	06/01/2016	1.40%	--
08/28/2012	Taxable Refunding Bonds, 2012	1,435,000	12/01/2022	1.20% - 2.60%	985,000
05/23/2013	Promissory Notes, 2013	3,850,000	06/01/2019	0.65% - 1.00%	2,150,000
08/13/2013	Refunding Bonds, Series 2013	1,885,000	06/01/2022	2.00% - 2.50%	1,355,000
07/01/2014	Promissory Notes, 2014A	1,940,000	03/01/2024	2.00% - 2.35%	1,820,000
07/28/2015	Refunding Bonds, Series 2015	1,340,000	06/01/2030	2.30% - 2.80%	1,340,000
04/22/2016	Promissory Notes	425,000	04/22/2026	2.95%	425,000
	Existing General Obligation Debt				\$ 8,815,000
10/25/2016	Promissory Notes	1,830,000	06/01/2026	TBD	1,830,000
	Total General Obligation Debt				\$ 10,645,000

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³ The City is in the process of applying for a \$350,000 State Trust Fund Loan to finance economic development projects located in the City's TID No. 5.

⁴ Principal outstanding reflects refunding by the Notes.

Table 10
Annual Maturity Schedule

<u>Year</u>	<u>Outstanding G.O. Debt</u>		<u>The Notes (est.)</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 1,720,000	\$ 237,118	--	--	\$ 1,957,118
2017	1,380,000	156,969	\$ 410,000	\$ 27,774	1,974,743
2018	1,455,358	137,652	295,000	21,243	1,909,252
2019	1,395,358	115,544	260,000	17,718	1,788,619
2020	620,358	98,110	225,000	14,331	957,800
2021	690,358	83,713	100,000	11,900	885,971
2022	605,358	68,800	100,000	10,225	784,383
2023	445,358	54,977	110,000	8,305	618,640
2024	355,358	45,705	110,000	6,133	517,195
2025	240,358	38,543	110,000	3,795	392,696
2026	397,136	32,586	110,000	1,293	541,015
2027	220,000	21,755	--	--	241,755
2028	225,000	16,024	--	--	241,024
2029	235,000	9,811	--	--	244,811
2030	235,000	3,290	--	--	238,290
2031	--	--	--	--	--
Total	\$ 10,220,000	\$ 1,120,596	\$ 1,830,000	\$ 122,715	\$ 13,293,311
Less Payments Made by 10/25/2016	(1,405,000)	(204,540)	--	--	(1,609,540)
Total	\$ 8,815,000	\$ 916,056	\$ 1,830,000	\$ 122,715	\$ 11,683,771

Short-Term Debt

The City does not issue short-term debt for operational purposes. Table 11 provides a summary of the City's short-term debt that was issued in anticipation of the sale of general obligation notes of the City.

Table 11
Anticipation Notes

<u>Date of Issue</u>	<u>Obligation</u>	<u>Original Issue Size</u>	<u>Final Maturity</u>	<u>Interest Rates Outstanding</u>	<u>Principal Outstanding</u>
05/01/2014	Taxable NANs, 2014C	\$ 875,000	09/01/2018	1.700%	\$ 875,000
					\$ 875,000

Overlapping Debt

Three taxing jurisdictions' boundaries overlap the City of Prairie du Chien's boundaries. Table 12 sets forth the general obligation debt for those jurisdictions and the amount of their debt allocable to the City.

Table 12
Overlapping Debt

<u>Taxing District</u>	2015 Equalized <u>Value</u>	% in the <u>City</u>	Total Outstanding <u>General Obligation Debt</u>	Portion Allocable to <u>the City</u>
Crawford County	\$ 1,127,441,200	31.10%	\$ 6,830,000	\$ 2,124,355
Southwest Tech. College	8,004,565,423	4.38%	32,785,000	1,436,275
Prairie du Chien School District	559,819,801	62.64%	12,038,200	7,540,732
Total				<u>\$ 9,705,596</u>

Future Financing

The City does not have plans to issue additional general obligation debt during the remainder of 2016, except for the \$350,000 State Trust Fund Loan as footnoted on page 13.

Legal Debt Limit

Section 67.03 of the Wisconsin Statutes, and Section III, Article XI, of the Wisconsin Constitution, limit the City's indebtedness to 5% of the equalized value of taxable property located within the City. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes. The City's unused borrowing capacity as of the issuance of the Notes will be as follows:

2016 Equalized Value	\$ 364,783,000
Legal Debt Limit (5% of Equalized Value)	18,239,150
Debt Outstanding (58.4% of Capacity)	<u>10,645,000</u>
Remaining borrowing capacity (41.6% of Capacity)	<u>\$ 7,594,150</u>

Revenue Debt

Table 13 presents the City's revenue debt as of the issuance of the Notes.

Table 13
Revenue Debt by Issue

<u>Date of Issue</u>	<u>Obligation</u>	<u>Original Issue Size</u>	<u>Final Maturity</u>	<u>Interest Rates Outstanding</u>	<u>Principal Outstanding</u>
10/22/2008	Clean Water Fund Loan	\$ 1,437,844	05/01/2028	2.365%	\$ 946,705
05/01/2014	Bond Anticipation Notes, 2014B	500,000	09/01/2018	1.500%	500,000
	Total Sewer Revenue Debt				<u>\$ 1,446,705</u>
04/28/2004	Safe Drinking Water Loan	\$ 539,262	05/01/2023	1.419%	\$ 215,645
10/22/2008	Safe Drinking Water Loan	1,675,453	05/01/2028	1.419%	1,067,163
06/25/2014	Safe Drinking Water Loan	361,589	05/01/2034	1.155%	329,051
07/01/2014	Bond Anticipation Notes, 2014D	795,000	05/01/2019	1.750%	795,000
	Total Water Revenue Debt				<u>\$ 2,406,859</u>

Lease Revenue Debt (Redevelopment Authority)

The Redevelopment Authority of the City of Prairie du Chien (the “Authority”) has issued lease revenue bonds to finance various projects pursuant to a redevelopment plan. The lease revenue bonds are limited obligations of the Authority payable solely from the revenues and income derived from leases with the City. The City utilizes revenues from Tax Increment District No. 6 to make lease payments. The lease revenue bonds were issued to encourage economic development within Tax Increment District No. 6 by Cabela’s Incorporated, a catalog retail distributor. Pursuant to a development agreement, tax increment revenues sufficient to make lease payments have been guaranteed by Cabela’s Incorporated. The lease revenue bonds are not general obligations of the Authority or of the City. Table 14 summarizes such lease commitments as of the issuance of the Notes.

Table 14
Lease Revenue Debt by Issue

<u>Date of Issue</u>	<u>Obligation</u>	<u>Original Issue Size</u>	<u>Final Maturity</u>	<u>Interest Rates Outstanding</u>	<u>Principal Outstanding</u>
08/25/2015	Taxable Redevelopment Lease Revenue Refunding Bonds, Series 2015A	\$ 2,705,000	09/01/2019	2.00% - 2.65%	\$ 1,950,000
08/25/2015	Redevelopment Lease Revenue Refunding Bonds, Series 2015B	1,225,000	09/01/2020	1.40% - 1.65%	1,225,000
	Total				<u>\$ 3,175,000</u>

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FINANCIAL INFORMATION

Financial Reports

The City's accounts are independently audited. Excerpts from the audit for the year ended December 31, 2015 are attached hereto as Appendix A. The auditors have not performed any additional review and have not consented to the inclusion of the report or extracts from the report in this Official Statement. The City did not seek the consent of the auditors. A comparative Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund for years 2011 to 2015 is presented below.

Table 15
Statement of Revenues, Expenditures and
Changes in Fund Balance for the General Fund
(Years Ended December 31)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Taxes	\$ 2,515,343	\$ 2,534,002	\$ 2,525,044	\$ 2,572,352	\$ 2,620,373
Special Assessments	22,719	19,253	10,646	9,852	11,578
Licenses and Permits	35,464	30,925	45,407	28,267	44,213
Intergovernmental	2,237,213	2,024,631	2,037,717	2,083,839	2,008,311
Fines and Forfeits	36,635	40,609	59,146	63,725	65,056
Charges for Services	546,302	633,903	627,421	616,630	620,996
Interest	11,286	13,865	8,529	11,511	8,743
Miscellaneous Revenues	75,471	107,632	77,781	148,027	106,502
Total Revenues	<u>5,480,433</u>	<u>5,404,820</u>	<u>5,391,691</u>	<u>5,534,203</u>	<u>5,485,772</u>
Expenditures					
General Government	649,811	629,010	660,440	702,873	746,249
Public Safety	1,495,419	1,490,038	1,493,840	1,553,833	1,471,729
Transportation Facilities	996,462	865,781	921,811	991,948	847,249
Sanitation	246,784	276,567	268,968	283,460	294,839
Health and Social Services	15,838	19,432	6,089	6,379	4,628
Leisure Activities	699,937	677,452	754,029	766,695	799,642
Community and Economic Development	306,393	287,475	278,233	312,195	299,437
Capital Outlay	472,642	35,108	62,065	79,385	125,424
Debt Service:					
Principal Retirement	2,221	23,651	23,691	20,119	28,557
Interest and Fiscal Charges	163	124	84	3,655	22
Total Expenditures	<u>4,885,670</u>	<u>4,304,638</u>	<u>4,469,250</u>	<u>4,720,542</u>	<u>4,617,776</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>594,763</u>	<u>1,100,182</u>	<u>922,441</u>	<u>813,661</u>	<u>867,996</u>
Other Financing Sources (Uses)					
Note/Bond Proceeds	1,806,989	--	--	--	78,008
Proceeds from sale of fixed assets	--	--	6,025	46,561	79,743
Debt Issuance Costs	--	--	--	--	--
Transfer from Water Utility-Tax Equivalent	142,792	162,611	167,314	173,569	--
Transfer from Other Funds	127,438	5,000	8,667	24,000	233,556
Transfer to Other Funds	(2,433,087)	(1,023,107)	(1,069,698)	(1,052,083)	(953,941)
Total Other Financing Sources (Uses)	<u>(355,868)</u>	<u>(855,496)</u>	<u>(887,692)</u>	<u>(807,953)</u>	<u>(562,634)</u>
Net Change in Fund Balance	238,895	244,686	34,749	5,708	305,362
Fund Balance - January 1	<u>892,715</u>	<u>1,131,610</u>	<u>1,376,296</u>	<u>1,411,045</u>	<u>1,416,753</u>
Fund Balance - December 31	<u>\$ 1,131,610</u>	<u>\$ 1,376,296</u>	<u>\$ 1,411,045</u>	<u>\$ 1,416,753</u>	<u>\$ 1,722,115</u>

Budgeting

In August of each year all agencies of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Prior to October 15, the City Administrator submits to the Common Council a proposed operating budget, including capital expenditures, for the fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them. A public hearing is held in the Common Council chamber to obtain taxpayer comments. Prior to December 1, the budget is legally adopted by the Common Council through the passage of an ordinance.

Investments

State statutes authorize the City to invest in obligations of the United States Treasury, U.S. government agencies and instrumentalities, obligations of Wisconsin governmental units, time deposits with maturities of less than three years in any financial institution in Wisconsin, the State of Wisconsin Local Government Investment Pool, the Wisconsin Investment Trust, any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency, repurchase agreements if secured by U.S. government securities, and securities of open-end management investment companies or investment trusts if the portfolio meets certain restrictions. The City only deposits and invests its monies in investments allowed by State statute.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (“FDIC”) in the amount of \$250,000 for time and savings deposits and \$250,000 for interest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for all time accounts, savings accounts, noninterest bearing transaction accounts and interest-bearing demand deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund’s total coverage, total recovery of insured losses may not be available.

A description of investment practices and investments at year-end 2015 is included in Appendix A in the Notes to Financial Statements. A summary of the market value of the City’s investments as of December 31, 2015, including some restricted assets held for other governmental entities, is presented below.

Table 16
Cash and Investments

Deposits with Financial Institutions	\$ 7,417,843
Wisconsin Local Government Investment Pool	2,831,200
Treasury Instruments Portfolio	5,827
Petty Cash	<u>505</u>
Total	<u><u>\$ 10,255,375</u></u>

PROPERTY VALUATIONS AND TAXES

Assessed and Equalized Values

The Assessed Value is the value of taxable property upon which tax levies are spread. With the exception of manufacturing property, it is determined annually by the local assessor as of January 1. The State Department of Revenue makes the annual assessment of all manufacturing property in the State.

The Equalized Value is determined by the Department of Revenue in order to maintain equity between municipalities and counties. The value represents the current market value of all the property in the taxing district. These certified values are used for apportioning county property taxes, public school taxes, and vocational school taxes as well as for distributing property tax relief.

Wisconsin courts have determined that the constitutional requirement for uniformity of assessment is met even though the assessment in question may be less than full value, provided all property within the tax district is assessed at the same proximate level. Beginning in 1986, all municipalities were required to assess taxable property at a minimum of 90 percent of State equalized values at least once every five years.

The State of Wisconsin equalizes local assessments to full values. This equalized valuation is the basis used in computing the five percent State constitutional debt limitation. Table 17 shows the total equalized value for the City and the year-over-year percentage change for the last ten years, and Table 18 provides the 2016 equalized value by class.

Table 17
Property Value Trends

<u>Year</u>	<u>Total Property Equalized Value</u>	<u>Year Over Year Change</u>
2016	\$ 364,783,000	4.0%
2015	350,671,300	2.0%
2014	343,934,600	5.0%
2013	327,486,700	1.1%
2012	323,952,200	-5.0%
2011	341,163,900	-1.9%
2010	347,638,900	-2.4%
2009	356,171,400	4.2%
2008	341,678,900	0.5%
2007	339,877,100	3.8%

Table 18
Equalized Value by Category

	<u>2016 Equalized Value</u>	<u>Percent of Total Value</u>
Residential	\$ 200,942,300	55.09%
Commercial	116,635,800	31.97%
Manufacturing	24,026,600	6.59%
Agriculture	48,200	0.01%
Undeveloped	90,300	0.02%
Ag. Forest	2,600	0.00%
Other	241,300	0.07%
Personal Property	22,795,900	6.25%
Total	\$ 364,783,000	100.00%

Tax Levy and Collection Procedures

Taxes are levied in December of each year. Personal property taxes, special assessments, special charges, and special taxes must be paid to the town, city, or village treasurer in full by January 31.

Municipalities have the option of adopting payment plans, which allow taxpayers to pay their real property taxes in installments provided that the first installment is paid by January 31 and the remainder is paid by July 31. On or before January 15 and February 15 and on the 15th day of each month following a month in which an installment payment is due the town, city or village treasurer settles with other taxing jurisdictions for all collections through the preceding month.

On or before August 15 the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any taxing delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Table 19 presents tax levies for City purposes for the last five years.

Table 19
Property Tax Levies and Collection

<u>Levy/Collection Year</u>	<u>City Levy</u>
2015/2016	\$ 2,300,300
2014/2015	2,276,946
2013/2014	2,257,788
2012/2013	2,228,090
2011/2012	2,203,105

Table 20 presents the tax rates per \$1,000 of equalized value for the last five years.

Table 20
Tax Rates Per \$1,000 of Equalized Value

<u>Taxing District</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
City of Prairie du Chien	\$ 8.29	\$ 8.90	\$ 8.76	\$ 8.34	\$ 8.12
Prairie du Chien School District	9.88	10.66	10.66	10.66	10.66
Southwest Technical College	2.13	2.13	2.16	1.25	1.25
Crawford County	7.44	7.71	7.78	7.62	7.50
State	0.17	0.17	0.17	0.17	0.17
Gross Rate	27.91	29.58	29.53	28.04	27.69
Less: State Credits	1.32	1.35	1.30	1.25	1.43
Net Tax Rate	<u>\$ 26.59</u>	<u>\$ 28.23</u>	<u>\$ 28.23</u>	<u>\$ 26.79</u>	<u>\$ 26.26</u>

The ten largest taxpayers in the City based on January 1, 2015 Equalized Values are found in Table 21.

Table 21
Largest Taxpayers

<u>Taxpayer</u>	<u>Nature of Business</u>	2015 <u>Equalized Value</u>	Percent of Total <u>Equalized Value</u>
Cabela's	Retail Distribution	\$ 43,187,709	12.32%
3M Company	Sponges and Abrasives	9,991,620	2.85%
Design Homes/Lorand	Prebuilt Homes	7,260,782	2.07%
Prairie Sand & Gravel, Inc.	Quarry	5,184,022	1.48%
PdC Hospitality	Hotel	3,823,799	1.09%
Gundersen Clinic	Healthcare	3,351,732	0.96%
Universal Forest Products	Wood Products	2,840,559	0.81%
Astec, Inc.	Metal Fabrication	2,771,285	0.79%
PdC Memorial Hospital Assoc., Inc.	Healthcare	2,503,464	0.71%
Back 9, LLP	Contract Manufacturing	2,404,916	0.69%
Total - Top 10 Taxpayers		\$ 83,319,888	23.76%
Total - 2015 Equalized Value		\$ 350,671,300	

Levy Limits

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest

on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005.

LEGAL MATTERS

Pending Litigation

There is no pending litigation or, to the knowledge of the City of Prairie du Chien City Attorney's Office, threatened litigation, which would restrain or enjoin the issuance, sale, execution or delivery of the Notes or in any way contest or affect the validity of the Notes or of any proceedings of the City taken with respect to the issuance and sale of the Notes.

Approval of Legal Proceedings

Certain legal matters incident to the authorization and issuance of the Notes are subject to the approval of Quarles & Brady LLP, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Notes. The proposed form of such opinion is attached hereto as Appendix B. Bond Counsel has not participated in the preparation of this Official Statement, except for guidance concerning the sections entitled "LEGAL MATTERS – Tax Exemption" and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement, and will express no opinion with respect thereto.

See Appendix B "Form of Legal Opinion" for the Notes.

Tax Exemption

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law in substantially the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be

included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.”

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Qualified Tax-Exempt Obligations

The City will designate the Notes as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MISCELLANEOUS

Rating

The Notes have received a rating of “A1” by Moody’s Investors Service, Inc. (“Moody’s”). A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Financial Advisor

The City has retained Public Financial Management, Inc., of Milwaukee, Wisconsin, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Notes. In preparing the Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, which have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes. Public Financial Management, Inc. is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board as a municipal advisor.

Requests for information concerning the City should be addressed to the City’s Financial Advisor, Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214 (414/771-2700).

Underwriting

Bids for the Notes are scheduled to be received at a competitive public sale on October 4, 2016.

_____ (the "Underwriter") has agreed, subject to the conditions of closing set forth in the Official Notice of Sale for the Notes, to purchase the Notes at a purchase price of \$_____ (consisting of the par amount of the Notes, plus a net original issue premium of \$_____, less an underwriter's discount of \$_____).

The Notes will be offered at the respective initial public offering prices which produce the yields shown on the cover page of this Official Statement. After the Notes are released for sale to the public, the initial public offering prices and other selling terms may from time to time be varied by the Underwriter.

Certificate Concerning Official Statement

Concurrently with the delivery of the Notes, the Mayor of the City and the Clerk of the City will deliver to the purchaser of the Notes a certificate stating, that, to the best of their knowledge, the Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Notes, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement by its Clerk/Treasurer has been duly authorized by the Common Council.

CITY OF PRAIRIE DU CHIEN, WISCONSIN

By /s/ Barbara Elvert
City Clerk/Treasurer

* * * * *

APPENDIX A

**City of Prairie du Chien, Wisconsin
Excerpts from Financial Statements
for the Year Ended December 31, 2015**

The Auditor was not asked to perform any additional review in connection with this Official Statement

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CITY OF PRAIRIE DU CHIEN, WISCONSIN
AUDITED FINANCIAL STATEMENTS
INCLUDING INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015

Johnson Block & Company, Inc.
Certified Public Accountants
2500 Business Park Road
Mineral Point, Wisconsin 53565
(608) 987-2206
Fax: (608) 987-3391

CITY OF PRAIRIE DU CHIEN, WISCONSIN

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Prairie du Chien, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prairie du Chien, Wisconsin ("City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Prairie du Chien Housing Authority, a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Prairie du Chien Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Prairie du Chien, Wisconsin as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2015, the City of Prairie du Chien adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. 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 budgetary comparison information on pages 60 and 61 and the Wisconsin Retirement System schedules on page 62 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.

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

Other Information

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

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

The schedules of insurance and other utility information have 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 them.

Johnson Block and Company, Inc.

Johnson Block + Company, Inc.

July 6, 2016
Mineral Point, Wisconsin

BASIC FINANCIAL STATEMENTS

Exhibit A-1
City of Prairie du Chien, Wisconsin
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
ASSETS				
Current assets:				
Cash and investments	\$ 8,136,686	\$ 1,951,126	\$ 10,087,812	\$ 128,438
Receivables:				
Taxes	2,344,449		2,344,449	
Customer		374,159	374,159	
Unbilled revenue		175,871	175,871	
Other	42,078	2,620	44,698	269
Due from other governments	254,370		254,370	
Internal balances	(1,323,002)	1,323,002		
Prepays	19,858		19,858	5,492
Materials and supplies	13,494	9,198	22,692	950
	<hr/>			
Total current assets	9,487,933	3,835,976	13,323,909	135,149
	<hr/>			
Noncurrent assets:				
Restricted cash and investments	123,537	27,311	150,848	
Net pension asset - restricted	330,916	55,037	385,953	
Other assets:				
Special assessments receivable	191,628		191,628	
Long-term receivables:				
Accounts	30,000		30,000	
Notes	2,604,510		2,604,510	
Capital assets:				
Property, plant, and equipment	28,558,781	25,386,494	53,945,275	1,619,071
Less: accumulated depreciation	(7,673,377)	(6,658,681)	(14,332,058)	(1,161,816)
Net book value of capital assets	20,885,404	18,727,813	39,613,217	457,255
	<hr/>			
Total noncurrent assets	24,165,995	18,810,161	42,976,156	457,255
	<hr/>			
Total assets	33,653,928	22,646,137	56,300,065	592,404
	<hr/>			
DEFERRED OUTFLOWS OF RESOURCES				
Pension outflows	378,976	63,030	442,006	
	<hr/>			
Total assets and deferred outflows of resources	\$ 34,032,904	\$ 22,709,167	\$ 56,742,071	\$ 592,404
	<hr/> <hr/>			

Exhibit A-1 (Continued)
City of Prairie du Chien, Wisconsin
Statement of Net Position
December 31, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Housing Authority
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 227,947	\$ 3,565	\$ 231,512	\$ 994
Due to other governmental units	70,844	967	71,811	9,658
Accrued payroll				2,515
Accrued employee benefits	15,889		15,889	
Accrued interest	67,777	8,372	76,149	
Deposits	5,500		5,500	6,750
Unearned revenue	685		685	
Current portion of:				
Capital lease payable	24,503	61,820	86,323	
Compensated absences	63,828	21,138	84,966	180
Bonds and notes payable	2,354,000	153,000	2,507,000	
Total current liabilities	2,830,973	248,862	3,079,835	20,097
Current liabilities payable from restricted assets:				
Accrued interest		12,773	12,773	
Current maturities of long-term debt		194,072	194,072	
Total liabilities payable from restricted assets		206,845	206,845	
Noncurrent liabilities:				
Mortgage revenue bonds payable		2,752,637	2,752,637	
Mortgage revenue bond anticipation notes		1,295,000	1,295,000	
Lease revenue bonds payable	3,930,000		3,930,000	
General obligation bonds and notes payable	10,256,000	884,000	11,140,000	
Taxable anticipation notes	875,000		875,000	
Capital lease payable	50,476	329,000	379,476	
Installment contract payable		128,000	128,000	
Discounts on long-term debt	(149,544)		(149,544)	
Compensated absences	350,318	123,104	473,422	
Less: current portion	(2,442,331)	(430,030)	(2,872,361)	
Total noncurrent liabilities	12,869,919	5,081,711	17,951,630	
Total liabilities	15,700,892	5,537,418	21,238,310	20,097
DEFERRED INFLOWS OF RESOURCES			4,468,181	
NET POSITION				
Net investment in capital assets	9,801,637	13,339,176	23,140,813	457,255
Restricted	5,799,169	82,348	5,881,517	
Unrestricted (deficit)	(1,736,975)	3,750,225	2,013,250	115,052
Net position	13,863,831	17,171,749	31,035,580	572,307
Total liabilities, deferred inflows of resources and net position	\$ 34,032,904	\$ 22,709,167	\$ 56,742,071	\$ 592,404

Exhibit A-2
City of Prairie du Chien, Wisconsin
Statement of Activities
For the Year Ended December 31, 2015

FUNCTIONS/PROGRAMS	Net (Expenses) Revenue and Changes in Net Position							
	Expenses	Program Revenues			Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Totals	Housing Authority
Primary Government:								
<i>Governmental activities:</i>								
General government	\$ 882,762	\$ 96,025	\$	\$	\$ (786,737)	\$	\$ (786,737)	
Public safety	1,601,777	145,277	69,826		(1,386,674)		(1,386,674)	
Transportation facilities	1,852,053	91,625	937,692	515,221	(307,515)		(307,515)	
Sanitation	294,839	296,960	18,426		20,547		20,547	
Health and human services	4,628				(4,628)		(4,628)	
Leisure activities	1,019,284	215,114	310	263,863	(539,997)		(539,997)	
Urban redevelopment and housing	7,777				(7,777)		(7,777)	
Community and economic developme	485,093	302,995	45,514		(136,584)		(136,584)	
Interest and fiscal charges	620,323				(620,323)		(620,323)	
Amortization	64,810				(64,810)		(64,810)	
Total governmental activities	6,833,346	1,147,996	1,071,768	779,084	(3,834,498)		(3,834,498)	
<i>Business-type activities:</i>								
Water utility	721,231	906,720		8,646		194,135	194,135	
Sewer utility	1,113,204	1,146,708				33,504	33,504	
Total business-type activities	1,834,435	2,053,428		8,646		227,639	227,639	
Total primary government	\$ 8,667,781	\$ 3,201,424	\$ 1,071,768	\$ 787,730	(3,834,498)	227,639	(3,606,859)	
Component Unit:								
Housing authority	261,460	140,485	53,188	16,221			(51,566)	
General revenues:								
Property taxes								
General purposes					2,274,723		2,274,723	
Tax increments					1,966,128		1,966,128	
Other taxes					54,359		54,359	
Federal and State aid not restricted for specific purposes								
General					1,383,854		1,383,854	
Interest and investment earnings					28,349	15,951	44,300	
Gain (loss) on sale of fixed assets					40,394		40,394	
Miscellaneous					58,558		58,558	
Transfers					163,184	(163,184)		
Total general revenues and transfers					5,969,549	(147,233)	5,822,316	
Changes in net position								
					2,135,051	80,406	2,215,457	
Net position - beginning, as previously reported								
					11,016,217	16,972,832	27,989,049	
Prior period adjustment - implementation of GASB Statement No. 68 and GASB Statement No. 71								
					712,563	118,511	831,074	
Net position - beginning, as restated								
					11,728,780	17,091,343	28,820,123	
Net position - end of year								
					\$ 13,863,831	\$ 17,171,749	\$ 31,035,580	
							\$ 572,307	

Exhibit A-3
City of Prairie du Chien, Wisconsin
Balance Sheet
Governmental Funds
December 31, 2015

	General	Community Development Block Grant	Tax Increment District 6	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	\$ 3,803,849	\$ 58,173	\$ 1,083,086	\$ 69,152	\$ 1,606,083	\$ 1,516,343	\$ 8,136,686
Restricted cash and investments			123,537				123,537
Receivables:							
Taxes	493,978		1,466,781			383,690	2,344,449
Special assessments	191,628						191,628
Accounts	42,078						42,078
Due from other governmental units	22,738				110,095	121,537	254,370
Due from other funds	282,244				573		282,817
Materials and supplies	13,494						13,494
Prepaid expenses	19,858						19,858
Long-term receivables:							
Accounts						30,000	30,000
Notes	11,603	1,645,289				947,618	2,604,510
Total assets	\$ 4,881,470	\$ 1,703,462	\$ 2,673,404	\$ 69,152	\$ 1,716,751	\$ 2,999,188	\$ 14,043,427
LIABILITIES							
Accounts payable	\$ 166,816	\$	\$ 2,438	\$	\$ 25,905	\$ 32,788	\$ 227,947
Accrued employee benefits	15,889						15,889
Due to other governmental units	54,701				16,143		70,844
Due to other funds	88,522				1,326,533	190,764	1,605,819
Deposits	5,500						5,500
Unearned revenue	685						685
Total liabilities	332,113		2,438		1,368,581	223,552	1,926,684
DEFERRED INFLOWS OF RESOURCES	2,827,242	1,645,289	1,466,781			1,361,308	7,300,620
FUND BALANCE							
Nonspendable	44,955						44,955
Restricted	46,042	58,173	1,204,185	69,152	348,170	1,512,852	3,238,574
Assigned	77,219						77,219
Unassigned (deficit)	1,553,899					(98,524)	1,455,375
Total fund balances	1,722,115	58,173	1,204,185	69,152	348,170	1,414,328	4,816,123
Total liabilities, deferred inflows of resources and fund balances	\$ 4,881,470	\$ 1,703,462	\$ 2,673,404	\$ 69,152	\$ 1,716,751	\$ 2,999,188	\$ 14,043,427

Exhibit A-4
City of Prairie du Chien, Wisconsin
Reconciliation of the Governmental Funds Balance Sheet
with the Statement of Net Position
December 31, 2015

Total fund balances-governmental funds: \$ 4,816,123

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 fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital assets	28,558,781	
Governmental accumulated depreciation	<u>(7,673,377)</u>	20,885,404

The net pension asset is not a current financial resource and is, therefore, not reported in the fund statements. 330,916

Pension deferred outflows of resources and deferred inflows of resources are actuarially determined by the defined benefit pension plan.

These items are reflected in the statement of net position and are being amortized with pension expense in the statement of activities.

The deferred outflows of resources and deferred inflows of resources are not financial resources or uses and therefore are not reported in the fund statements.

Deferred outflows of resources		378,976
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Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:

Long-term notes and loans		2,631,510
Special assessments		200,929

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt		(10,256,000)
Taxable anticipation notes		(875,000)
Lease revenue bonds		(3,930,000)
Unamortized debt discount		149,544
Capital lease		(50,476)
Accrued interest on general obligation debt		(67,777)
Compensated absences		<u>(350,318)</u>

Net position of governmental activities		<u>\$ 13,863,831</u>
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Exhibit A-5
City of Prairie du Chien, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Community Development Block Grant	Tax Increment District 6	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 2,620,373		\$ 1,557,474			\$ 420,521	\$ 4,598,368
Special assessments	11,578						11,578
Licenses and permits	44,213						44,213
Intergovernmental	2,008,311		44,948		264,597	533,617	2,851,473
Fines and forfeitures	65,056						65,056
Charges for services	620,996					39,097	660,093
Interest	8,743	330	5,735		6,916	6,753	28,477
Miscellaneous revenues	106,502	32,396	2,912		164,912	191,664	498,386
Total revenues	5,485,772	32,726	1,611,069		436,425	1,191,652	8,757,644
EXPENDITURES							
Current:							
General government	746,249					4,199	750,448
Public safety	1,471,729						1,471,729
Transportation facilities	847,249					540,794	1,388,043
Sanitation	294,839						294,839
Health and social services	4,628						4,628
Leisure activities	799,642						799,642
Urban redevelopment and housing		86,752					86,752
Community and economic development	299,437					43,405	342,842
Capital outlay:							
Public safety	93,617				30,000		123,617
Transportation facilities	7,578		124,529		1,215,539	4,226	1,351,872
Leisure activities	24,229				223,820		248,049
Community and economic development			340,344		37,486	392,607	770,437
Debt service:							
Principal retirement	28,557			2,180,000			2,208,557
Interest and fiscal charges	22			470,137			470,159
Total expenditures	4,617,776	86,752	464,873	2,650,137	1,506,845	985,231	10,311,614
Excess of revenues over (under) expenditures	867,996	(54,026)	1,146,196	(2,650,137)	(1,070,420)	206,421	(1,553,970)

Exhibit A-5 (Continued)
City of Prairie du Chien, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Community Development Block Grant	Tax Increment District 6	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)							
Long-term debt proceeds	78,008		2,710,000	1,220,000	1,340,000		5,348,008
Current refunding of debt principal			(3,270,000)	(1,220,000)	(1,445,000)		(5,935,000)
Proceeds from sale of fixed assets	79,743				81,261	110,468	271,472
Debt issue costs			(160,100)	(1,392)	(52,444)	(1,550)	(215,486)
Transfer from other funds	233,556			2,700,596	345	175,845	3,110,342
Transfer to other funds	(953,941)		(1,303,270)		(82,044)	(575,975)	(2,915,230)
Total other financing sources (uses)	(562,634)		(2,023,370)	2,699,204	(157,882)	(291,212)	(335,894)
Net change in fund balances	305,362	(54,026)	(877,174)	49,067	(1,228,302)	(84,791)	(1,889,864)
Fund balance January 1	1,416,753	112,199	2,081,359	20,085	1,576,472	1,499,119	6,705,987
Fund balance December 31	\$ 1,722,115	\$ 58,173	\$ 1,204,185	\$ 69,152	\$ 348,170	\$ 1,414,328	\$ 4,816,123

Exhibit A-6
City of Prairie du Chien, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net change in fund balances-total governmental funds \$ (1,889,864)

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

The acquisition of capital assets are reported in the governmental funds as
expenditures. However, for governmental activities those costs are shown in
the statement of net position and allocated over their estimated useful lives as
annual depreciation expenses in the statement of activities.

Capital outlay reported in governmental fund statements	2,387,640	
Depreciation expenses reported in the statement of activities	(993,836)	
Amount by which capital outlays are greater (less) than depreciation in the current period.		1,393,804

The City sold property resulting in a reduction of capital assets and recapture of prior year
depreciation expense and has no affect on the governmental funds balance sheet.

The value of capital assets disposed of during the year was:	(438,339)	
The amount of depreciation recapture for the year was:	207,261	
The difference in the value of assets net of recaptured depreciation		(231,078)

Compensated absences are reported in the governmental funds when
amounts are paid. The statement of activities reports the amount earned
during the year. The difference between the amount paid and earned was:

(25,150)

Repayment of principal on long-term debt is reported in the governmental funds
as an expenditure, but is reported as a reduction in long-term debt in the
statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:		8,143,557
---	--	-----------

The issuance of long-term debt (e.g. bonds, notes) provides current financial
resources to governmental funds but does not affect the statement of activities.

(5,348,008)

Repayment of housing rehabilitation loans and long-term receivables are reflected as revenue in
governmental funds, but are reported as a reduction of loans receivable in
the statement of net position and does not affect the statement of activities.

(64,088)

Additional housing rehabilitation loans are reflected as expenditures in
governmental funds, but are reported as additions to loans receivable in
statement of net position and does not affect the statement of activities.

168,975

Exhibit A-6 (Continued)
City of Prairie du Chien, Wisconsin
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balance of Governmental Funds to the Statement of Activities (Continued)
For the Year Ended December 31, 2015

In governmental funds, special assessment collections are reflected as revenue when received.		
In the statement of activities, revenue is recognized when assessed.		
Amount collected		(9,388)
In the governmental funds, the bond discount is reported as an expenditure. However, the bond discount is shown in the statement of net position and amortized over the term of the new bond issue in the statement of activities.		
Amount amortized		(64,810)
In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities, interest is reported as incurred.		
The amount of interest paid during the current period	470,217	
The amount of interest accrued during the current period	(406,444)	
Interest paid is greater (less) than interest expensed by		63,773
Pension expense reported in the governmental funds represents current year required contributions into the defined benefit pension plan.		
Pension expense in the statement of activities is actuarially determined by the defined benefit pension plan as the difference between the net pension asset from the prior year to the current year, with some adjustments.		
Difference between the required contributions into the defined benefit pension plan and the actuarially determined change in net pension asset between years, with adjustments.		(2,672)
Change in net position-governmental activities		\$ 2,135,051

Exhibit A-7
City of Prairie du Chien, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water Utility	Sewer Utility	Totals
ASSETS			
Current assets:			
Cash	\$ 584,278	\$ 1,366,848	\$ 1,951,126
Receivables:			
Customer accounts	158,100	216,059	374,159
Unbilled revenue	78,411	97,460	175,871
Other		2,620	2,620
Due from other funds	283,506	1,039,496	1,323,002
Materials and supplies	9,198		9,198
 Total current assets	 1,113,493	 2,722,483	 3,835,976
Restricted assets:			
Net pension asset	20,919	34,118	55,037
Cash and investments:			
Redemption account	5,849	5,915	11,764
Depreciation account	7,665	7,882	15,547
 Total restricted assets	 34,433	 47,915	 82,348
Capital assets:			
Property, plant and equipment	10,430,750	14,955,744	25,386,494
Less: accumulated depreciation	2,960,957	3,697,724	6,658,681
 Net property and plant	 7,469,793	 11,258,020	 18,727,813
 Total assets	 8,617,719	 14,028,418	 22,646,137
DEFERRED OUTFLOWS OF RESOURCES			
Pension outflows	23,957	39,073	63,030
 Total assets and deferred outflows of resources	 \$ 8,641,676	 \$ 14,067,491	 \$ 22,709,167

Exhibit A-7 (Continued)
City of Prairie du Chien, Wisconsin
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water Utility	Sewer Utility	Totals
LIABILITIES			
Current liabilities:			
(Payable from current assets)			
Accounts payable	\$ 1,931	\$ 1,634	\$ 3,565
Due to other governments		967	967
Accrued interest	1,334	7,038	8,372
Compensated absences	6,419	14,719	21,138
Current maturities of long-term debt	98,000	116,820	214,820
Total current liabilities (Payable from current assets)	107,684	141,178	248,862
Current liabilities:			
(Payable from restricted assets)			
Accrued interest	6,275	6,498	12,773
Current maturities of long-term debt	126,520	67,552	194,072
Total current liabilities (Payable from restricted assets)	132,795	74,050	206,845
Long-term liabilities:			
Mortgage revenue bonds	1,738,380	1,014,257	2,752,637
Mortgage revenue bond anticipation notes	795,000	500,000	1,295,000
General obligation bonds and notes	767,000	117,000	884,000
Capital lease		329,000	329,000
Installment contract payable		128,000	128,000
Compensated absences	36,338	86,766	123,104
Less: current portion	(230,939)	(199,091)	(430,030)
Total long-term liabilities	3,105,779	1,975,932	5,081,711
Total liabilities	3,346,258	2,191,160	5,537,418
NET POSITION			
Net investment in capital assets	4,169,413	9,169,763	13,339,176
Restricted	34,433	47,915	82,348
Unrestricted	1,091,572	2,658,653	3,750,225
Total net position	5,295,418	11,876,331	17,171,749
Total liabilities and net position	\$ 8,641,676	\$ 14,067,491	\$ 22,709,167

Exhibit A-8
City of Prairie du Chien, Wisconsin
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Water Utility	Sewer Utility	Totals
OPERATING REVENUES			
Charges for services	\$ 878,850	\$ 1,130,690	\$ 2,009,540
Other	27,870	16,018	43,888
Total operating revenues	906,720	1,146,708	2,053,428
OPERATING EXPENSES			
Operation and maintenance	457,541	769,719	1,227,260
Depreciation	210,472	284,014	494,486
Taxes	781	18,153	18,934
Total operating expenses	668,794	1,071,886	1,740,680
Net operating income	237,926	74,822	312,748
NON-OPERATING REVENUES (EXPENSES)			
Interest income	4,606	11,345	15,951
Interest expense	(52,437)	(41,318)	(93,755)
Total non-operating revenues (expenses)	(47,831)	(29,973)	(77,804)
Income before contributions and transfers	190,095	44,849	234,944
Capital contributions	8,646	31,928	40,574
Transfer of tax equivalent	(192,915)	(2,197)	(195,112)
Change in net position	5,826	74,580	80,406
Net position - beginning, as previously reported	5,244,548	11,728,284	16,972,832
Prior period adjustment - implementation of GASB Statement No. 68 and GASB Statement No. 71	45,044	73,467	118,511
Net position - beginning, as restated	5,289,592	11,801,751	17,091,343
Net position - ending	\$ 5,295,418	\$ 11,876,331	\$ 17,171,749

Exhibit A-9
City of Prairie du Chien, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business Type Activities- Enterprise Funds		Totals
	Water Utility	Sewer Utility	
CASH FLOWS FROM (USED BY) OPERATING ACTIVITIES			
Received from customers	\$ 911,795	\$ 1,149,431	\$ 2,061,226
Payments to employees	(205,964)	(306,019)	(511,983)
Payments for employee benefits	(72,131)	(127,923)	(200,054)
Payments to suppliers	(261,384)	(346,925)	(608,309)
Net cash flows from operating activities	372,316	368,564	740,880
CASH FLOWS FROM (USED BY) NONCAPITAL FINANCING ACTIVITIES			
Paid to municipality for tax equivalent	(192,915)	(2,197)	(195,112)
Net cash flows (used by) noncapital financing activities	(192,915)	(2,197)	(195,112)
CASH FLOWS FROM (USED BY) CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments for capital acquisitions	(238,432)	(937,633)	(1,176,065)
Receipts of interfund borrowings	184,629	120,282	304,911
Principal payments	(244,792)	(95,991)	(340,783)
Proceeds from issuance of long-term debt	332,729	457,000	789,729
Interest paid	(61,385)	(37,408)	(98,793)
Net cash flows (used by) capital and related financing activities	(27,251)	(493,750)	(521,001)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts of interest	4,606	11,345	15,951
Net cash flows from investing activities	4,606	11,345	15,951
Net change in cash and cash equivalents	156,756	(116,038)	40,718
Cash and cash equivalents - beginning of year	441,036	1,496,683	1,937,719
Cash and cash equivalents - end of year	\$ 597,792	\$ 1,380,645	\$ 1,978,437
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION ACCOUNTS			
Cash and investments	\$ 584,278	\$ 1,366,848	\$ 1,951,126
Restricted cash and investments	13,514	13,797	27,311
Cash and cash equivalents	\$ 597,792	\$ 1,380,645	\$ 1,978,437

See accompanying notes to the basic financial statements.

Exhibit A-9 (Continued)
City of Prairie du Chien, Wisconsin
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business Type Activities- Enterprise Funds		Totals
	Water Utility	Sewer Utility	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 237,926	\$ 74,822	\$ 312,748
Noncash items in operating income:			
Depreciation expense	216,936	284,014	500,950
Pension expense	168	276	444
Changes in assets and liabilities:			
Customer accounts receivable	5,075	5,343	10,418
Other accounts receivable		(2,620)	(2,620)
Due from other funds	2,440	3,580	6,020
Material and supplies	(271)		(271)
Compensated absences	(10,235)	3,908	(6,327)
Accounts payable	(9,516)	(1,726)	(11,242)
Due to other governments	(70,207)	967	(69,240)
Net cash provided by operating activities	\$ 372,316	\$ 368,564	\$ 740,880
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES			
Capital additions financed by TIF Districts	\$	\$ 31,928	\$ 31,928
Capital additions financed by grants	8,250		8,250
Capital additions financed by developers	396		396
Capital additions financed by trade in allowance		101,000	101,000
Total noncash investing capital and related financing activities	\$ 8,646	\$ 132,928	\$ 141,574

Exhibit A-10
City of Prairie du Chien, Wisconsin
Statement of Net Position
Fiduciary Funds
December 31, 2015

	Tax Collection Fund	Employee Benefit Accounts	Total Fiduciary Funds
ASSETS			
Cash and investments	\$	\$ 16,715	\$ 16,715
Taxes receivable	5,558,876		5,558,876
Total assets	\$ 5,558,876	\$ 16,715	\$ 5,575,591
LIABILITIES			
Due to other governmental units	\$ 5,558,876	\$	\$ 5,558,876
Due to employees		16,715	16,715
Total liabilities	\$ 5,558,876	\$ 16,715	\$ 5,575,591

NOTES TO THE BASIC FINANCIAL STATEMENTS

City of Prairie du Chien, Wisconsin
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 December 31, 2015

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City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Prairie du Chien, Wisconsin have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

The City of Prairie du Chien, Wisconsin was incorporated under the laws of Wisconsin. The City operates under a Common Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, water and sewer, and general administrative services.

The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

Included within the reporting entity:

Redevelopment Authority of the City of Prairie du Chien

The financial statements include the Redevelopment Authority of the City of Prairie du Chien as a component unit. The Redevelopment Authority is a legally separate organization. The board of the Redevelopment Authority is appointed by the City Council. The Redevelopment Authority also creates a potential financial benefit to or burden on the City. Since the Redevelopment Authority provides services entirely to the City, its transactions have been blended with the various funds of the City.

Prairie du Chien Housing Authority

The City has determined that the Prairie du Chien Housing Authority is a component unit of the City. The Prairie du Chien Housing Authority was created by the City of Prairie du Chien under the provisions of Section 66.40 to 66.404 of the Wisconsin Statutes. The central purpose of the Prairie du Chien Housing Authority is to provide the opportunity for the City of Prairie du Chien residents to live in decent, affordable and standard housing. The programs at the Prairie du Chien Housing Authority are created to enable Prairie du Chien families to improve their housing conditions. Its governing board is appointed by the City Council.

Audited financial statements of the Housing Authority can be obtained from its office in Prairie du Chien, Wisconsin.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund 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 a legally separate component unit 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.

FUND FINANCIAL STATEMENTS

Financial statements of the reporting entity 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, 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 in major funds or non-major 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 and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent 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 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Major Governmental Funds:

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.

Special Revenue Funds – Accounts for the proceeds of special revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Community Development Block Grant Fund – Accounts for the activity of the City’s community development block grant program.

Tax Increment District No. 6 Fund – Accounts for the activity of tax incremental district No. 6, including the payment of general long-term debt principal, interest and related costs.

Debt Service Fund – Accounts for debt service payments not accounted for in other funds.

Capital Projects Fund – Accounts for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Major Enterprise Funds:

The City reports the following major enterprise funds:

Water Utility – Accounts for operations of the water system.

Sewer Utility – Accounts for operations of the sewer system.

Non-Major Governmental Funds:

The City reports the following non-major governmental funds:

Tax Increment Districts No. 1, 2, 4, 5, 7, and Environmental Remediation District No. 1 – Accounts for the activity of the respective tax incremental district, including the payment of general long-term debt principal, interest and related costs.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Special Revenue Funds – Accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- DOD Community Development Block Grant
- Downtown Revolving Loan
- Boat Landing
- Library Trust
- Redevelopment Authority
- Revolving Loan
- Commuter Bus
- Grants and Donations Fund
- Library Campaign

In addition, the City reports the following fund types:

Agency Fund - Accounts 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
- Employee Benefit Accounts

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 of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer utilities 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.

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

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. 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 deferred inflows of resources. Amounts received prior to the entitlement period are also recorded as deferred inflows of resources.

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 deferred inflows of resources.

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.

The City reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows of resources arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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 and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Revenues and expenditures arising from non-exchange transactions, such as property and sales taxes, fines, and grants are recorded according to Governmental Accounting Standards.

The preparation of financial statements in conformity with U.S. 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. Cash and Cash Equivalents/Investments

The City has pooled some cash resources of its funds. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the City's individual major funds, and in the aggregate for non-major and agency funds.

For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less (including restricted assets) are considered to be cash equivalents.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost, which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

E. Receivables

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

Property tax calendar - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	July 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale- 2015 delinquent real estate taxes	October 2018

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 City and the utilities because they have the right by law to place delinquent bills on the tax roll.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Receivables (Continued)

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 nonspendable fund balance, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

F. Inventories and Prepaid Items

Inventories of governmental fund types consist of expendable supplies held for consumption. Except for gasoline, these inventories are considered expenditures when purchased and, accordingly, are not reflected on the Balance Sheet- Governmental Funds.

Inventories of proprietary fund types are valued at cost using the first-in, first-out method and are charged as expenditures 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.

G. 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.

Certain proceeds of enterprise fund revenue bonds and lease revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an estimated useful life of two years or more and an initial cost of more than the following:

Land	Capitalize only
Land improvements	\$ 12,500
Buildings and improvements	25,000
Machinery and equipment	2,500
Vehicles	2,500
Infrastructure	25,000

All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

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

Depreciation of all exhaustible fixed 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:

	<u>Years</u>
Governmental Activities:	
Land improvements	20-30
Buildings	20-40
Machinery and Equipment	5-20
Business-Type Activities:	
Utility Systems	5-77

Fund Financial Statements

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

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Compensated Absences

Employees earn twelve sick days annually with a maximum accumulation of 125 days. Upon termination of employment in good standing, an employee (or the estate) will be paid 75% of the monetary value of his/her unused accumulated sick leave, or have 100% applied toward future health insurance premiums. Only benefits considered to be vested are disclosed in these statements.

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

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2015 are determined on the basis of current salary rates and include salary related payments.

J. Long-Term Obligations/Conduit Debt

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

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

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 \$2,140,000 made up of one issue.

K. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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 of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital 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."

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

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – includes amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- Committed – includes amounts constrained to specific purposes by the Common Council, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Common Council takes the same highest level action to remove or change the constraint.
- Assigned – includes amounts the Common Council intends to use for a specific purpose; intent can be expressed by the Common Council or by an official or body to which the Common Council delegates the authority. All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- 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.

The Common Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes. Such action shall be taken in open meeting and require the approval of a majority of the Council. These committed amounts cannot be used for any other purpose unless the Council removes or changes the specific use through the same type of formal action taken to establish the commitment. As of December 31, 2015, the City does not have any reserves that meet this component of fund balance.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications (Continued)

The Common Council is authorized to assign fund balances to the extent such assignment does not create a negative balance. The Common Council delegates authority to assign amounts to be used for specific purposes to the City Administrator for the purpose of reporting these amounts in the annual financial statements.

An appropriate level of unassigned fund balance should be maintained in the General Fund in order to cover unexpected expenditures and revenue shortfalls. Unassigned fund balance may be accessed in the event of unexpected expenditures up to the minimum established level upon approval of a budget revision of the Council. In the event of projected revenue shortfalls, it is the responsibility of the City Administrator to report the projections to the Council.

The Council's fund balance policy establishes a minimum unassigned fund balance equal to 20% of total General Fund expenditures. In the event that the balance drops below the established minimum level, the Council will develop a plan to replenish the fund balance at a rate of one percent annually, each year.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

M. Transfers

Transfers include the payment in lieu of taxes from the water utility to the general fund.

N. Risk Management

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

O. Income Tax

Municipal utilities are exempt from income taxes and, therefore, no income tax liability is recorded by the City of Prairie du Chien.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Pensions

For purposes of measuring the net pension liability (asset) and deferred outflows of resources related to pensions, 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 for WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Q. Change in Accounting Principle

Effective January 1, 2015, the City adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Implementation of GASB Statement No. 68 and 71 required net position in the governmental activities and business-type activities to be increased. The increase in net position was to reflect the January 1, 2014 beginning net pension asset and beginning deferred outflows of resources for City contributions to the WRS after the December 31, 2013 measurement date through December 31, 2014.

A prior period adjustment has been recorded effective January 1, 2015 as follows:

	Governmental Activities	Business-Type Activities
Net position – beginning, as previously reported	\$ 11,016,217	\$ 16,972,832
Implementation of GASB Statement No. 68		
Net pension asset as of January 1, 2015	543,548	90,401
Deferred outflows as of January 1, 2015	169,015	28,110
Net position – beginning, as restated	\$ 11,728,780	\$ 17,091,343

R. Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expenditure) until then. The City reports deferred outflows of resources for the WRS pension system as described in Note 7.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 2 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the governmental fund statements and government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities.
- b. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the statement of activities.
- c. Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability, interest expense is recorded as incurred, and principal payments are recorded as a reduction of liabilities.

NOTE 3 CASH AND INVESTMENTS

As previously discussed, cash for all City funds is pooled for investment purposes. At December 31, 2015, the cash and investments included the following:

Deposits with financial institutions	\$ 7,417,843
Wisconsin Local Government Investment Pool	2,831,200
Treasury instruments portfolio	5,827
Petty cash	505
Total cash	\$ 10,255,375

Cash and investments as of December 31, 2015 are classified in the accompanying financial statements as follows:

Exhibit A-1:	
Cash and investments	\$ 10,087,812
Cash and investments-restricted	150,848
Exhibit A-10:	
Cash and investments	16,715
Total cash and investments	\$ 10,255,375

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Wisconsin State Statutes

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

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Remaining Maturity (in months)		
	Amount	12 months or less	13-24 months
Certificate of deposit	\$ 19,071	\$ 5,301	\$ 13,770
Federal agency	5,827	5,827	
Wisconsin Local Government Investment Pool	2,831,200	2,831,200	
Totals	<u>\$ 2,856,098</u>	<u>\$ 2,842,328</u>	<u>\$ 13,770</u>

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investments. As of December 31, 2015, the City's investment in mutual funds and treasury instruments portfolio were not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the City would not be able to recover the value of its investment of collateral securities that are in possession of another party. The City's investment policy requires all time deposits to be fully collateralized by bonds or securities issued or guaranteed by the federal government for any amounts exceeding \$500,000.

Federal Deposit Insurance Corporation (FDIC) Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts. The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal.

Collateralization of Public Unit Deposits

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

As of December 31, 2015, \$6,642,560 of the City's deposits with financial institutions were in excess of FDIC limits. Of this amount, \$3,913,752 were collateralized by securities held in the City's name by a local financial institution and \$2,728,808 were uninsured and uncollateralized. Of this amount, \$400,000 would be insured by the State of Wisconsin Guarantee Fund, providing funds are available at the time of any potential loss.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 3

CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

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 (SWIB). 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, 2015, the fair value of the City's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the City.

SWIB may invest in obligations of the U.S. Treasury and its agencies, Commercial Paper, Bank Time Deposits/Certificates of Deposit, Bankers' Acceptances, Asset Backed Securities and Repurchase Agreements secured by the U.S. Government or its agencies and other instruments authorized under State Investment Fund Investment guidelines.

Investment allocation in the local government investment pool as of December 31, 2015 was: 96.54% in U.S. Government Securities and 0.35% in Bankers' Acceptances, and 3.11% in commercial paper and corporate notes. The Wisconsin State Treasurer updates the investment allocations on a monthly basis.

Concentration of Credit Risk

The City's investment policy limits investments to no more than 25% in a single security or at a single financial institution. This excludes government and agency securities and authorized investment pools. At December 31, 2015, City investments were comprised of the following:

	%
Certificate of deposits	0.7
Treasury Instruments Portfolio	0.2
Wisconsin Local Government Investment Pool	99.1
Total	100.0

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 4

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Construction work in progress	\$ 151,205	\$ 138,831	\$ (26,100)	\$ 263,936
Land	6,706,219	103,889	(145,527)	6,664,581
Total capital assets not being depreciated	6,857,424	242,720	(171,627)	6,928,517
Other capital assets:				
Buildings and improvements	4,863,845	236,960		5,100,805
Machinery and equipment	2,790,984	232,957	(75,403)	2,948,538
Vehicles	2,225,308	348,773	(217,409)	2,356,672
Furniture and fixtures	47,372			47,372
Land improvements	5,012,743	166,621		5,179,364
Infrastructure	4,811,804	1,185,709		5,997,513
Total other capital assets at historical costs	19,752,056	2,171,020	(292,812)	21,630,264
Less: accumulated depreciation for:				
Buildings and improvements	1,296,394	134,600		1,430,994
Machinery and equipment	1,867,639	187,565	(73,694)	1,981,510
Vehicles	1,057,773	175,110	(133,567)	1,099,316
Furniture and fixtures	46,011	681		46,692
Land improvements	2,070,032	195,308		2,265,340
Infrastructure	548,953	300,572		849,525
Total accumulated depreciation	6,886,802	993,836	(207,261)	7,673,377
Net other capital assets	12,865,254	1,177,184	(85,551)	13,956,887
Total net capital assets	\$ 19,722,678	\$ 1,419,904	\$ (257,178)	\$ 20,885,404

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General government	\$ 54,884
Public safety	136,531
Transportation facilities (including infrastructure)	524,257
Leisure activities	278,164
Total governmental activities depreciation expense	<u>\$ 993,836</u>

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 4

CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Additions	Removals	Ending Balance
<u>Business-type Activities:</u>				
Capital assets not being depreciated:				
Intangible plant				
Construction work in progress	\$	\$ 17,944	\$	\$ 17,944
Land and land rights	464,325			464,325
Total capital assets not being depreciated	464,325	17,944		482,269
Capital assets being depreciated:				
Water:				
Wells and springs	506,293	34,402		540,695
Structures and improvements	698,084			698,084
Transmission and distribution equipment	8,591,724	203,705	(26,628)	8,768,801
Other equipment	399,079			399,079
Sewer:				
Structures and improvements	5,803,722	2,500		5,806,222
Transmission and distribution equipment	4,831,074	273,889	(18,000)	5,086,963
Equipment	3,268,170	785,199	(448,988)	3,604,381
Total capital assets being depreciated	24,098,146	1,299,695	(493,616)	24,904,225
Less: accumulated depreciation for:				
Water	2,770,651	216,936	(26,630)	2,960,957
Sewer	3,779,696	284,014	(365,986)	3,697,724
Total accumulated depreciation	6,550,347	500,950	(392,616)	6,658,681
Net capital assets being depreciated	17,547,799	798,745	(101,000)	18,245,544
Total net capital assets	\$ 18,012,124	\$ 816,689	\$ (101,000)	\$ 18,727,813

Depreciation expense was charged to functions as follows:

Business-type Activities:	
Water	\$ 216,936
Sewer	284,014
Total depreciation expense	500,950
Less: water depreciation expense allocated to sewer	(6,464)
Total per exhibit A-8	\$ 494,486

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Governmental activities</u>					
Bonds and notes payable:					
General obligation debt	\$ 11,996,000	\$ 1,340,000	\$ (3,080,000)	\$ 10,256,000	\$ 1,599,000
Taxable anticipation notes	2,095,000		(1,220,000)	875,000	
Lease revenue bonds	3,815,000	3,930,000	(3,815,000)	3,930,000	755,000
Total bonds and notes payable	<u>17,906,000</u>	<u>5,270,000</u>	<u>(8,115,000)</u>	<u>15,061,000</u>	<u>2,354,000</u>
Other liabilities:					
Capital lease	1,025	78,008	(28,557)	50,476	24,503
Compensated absences	325,168	25,150		350,318	63,828
Total other liabilities	<u>326,193</u>	<u>103,158</u>	<u>(28,557)</u>	<u>400,794</u>	<u>88,331</u>
Total governmental activities Long-term liabilities	<u>\$ 18,232,193</u>	<u>\$ 5,373,158</u>	<u>\$ (8,143,557)</u>	<u>\$ 15,461,794</u>	<u>\$ 2,442,331</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
<u>Business-type activities</u>					
Bonds and notes payable:					
Mortgage revenue bonds	\$ 2,610,691	\$ 332,729	\$ (190,783)	\$ 2,752,637	\$ 194,072
Revenue bond anticipation notes	1,295,000			1,295,000	
General obligation notes	1,034,000		(150,000)	884,000	121,000
Total bonds and notes payable	<u>4,939,691</u>	<u>332,729</u>	<u>(340,783)</u>	<u>4,931,637</u>	<u>315,072</u>
Other liabilities:					
Capital lease		329,000		329,000	61,820
Installment contract payable		160,000	(32,000)	128,000	32,000
Compensated absences	129,431	3,909	(10,236)	123,104	21,138
Total other liabilities	<u>129,431</u>	<u>492,909</u>	<u>(42,236)</u>	<u>580,104</u>	<u>114,958</u>
Total business-type activities Long-term liabilities	<u>\$ 5,069,122</u>	<u>\$ 825,638</u>	<u>\$ (383,019)</u>	<u>\$ 5,511,741</u>	<u>\$ 430,030</u>

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

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. 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.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2015 was \$17,533,565. Total general obligation debt outstanding at year-end was \$11,140,000.

General Obligation Debt

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2015
Governmental activities					
Refunding bonds	12/27/07	12/1/20	3.955-4.20%	\$ 3,155,000	\$ 1,185,000
General obligation bonds	6/24/08	6/1/18	4.0-4.1%	590,000	375,000
Taxable refunding bonds	3/9/10	3/1/17	3.75-4.1%	815,000	145,000
Refunding bonds	6/1/10	6/1/19	3.0-3.7%	345,000	270,000
General obligation bonds	7/12/11	6/1/21	1.9-3.2%	575,000	370,000
Taxable refunding bonds	11/1/11	6/1/16	1.40%	1,215,000	245,000
Taxable refunding bonds	8/28/12	12/1/22	1.0-2.6%	1,435,000	985,000
General obligation bonds	5/23/13	6/1/19	.5-1.0%	3,850,000	2,800,000
Refunding bonds	6/18/13	12/1/22	2.0-2.5%	1,115,000	976,000
General obligation notes	5/1/14	3/1/24	2.0-2.35%	1,585,000	1,565,000
Refunding bonds	7/28/15	6/1/30	2.3-2.8%	1,340,000	1,340,000
Total governmental activities - general obligation debt					<u>\$ 10,256,000</u>

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2015
Business-type activities					
Refunding bonds	6/18/13	12/1/22	2.0-2.5%	\$ 770,000	\$ 559,000
General obligation notes	5/1/14	3/1/23	2.0-2.35%	355,000	325,000
Total business-type activities - general obligation debt					<u>\$ 884,000</u>

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2016	\$ 1,599,000	\$ 219,973	\$ 121,000	\$ 17,145
2017	1,676,000	183,160	119,000	14,745
2018	1,822,000	146,075	118,000	12,375
2019	1,477,000	111,040	118,000	10,015
2020	647,000	87,400	128,000	7,555
2021-2025	1,905,000	240,816	280,000	10,043
2026-2030	1,130,000	78,019		
Totals	<u>\$ 10,256,000</u>	<u>\$ 1,066,483</u>	<u>\$ 884,000</u>	<u>\$ 71,878</u>

Taxable Note Anticipation Notes

Governmental activities long-term debt includes \$875,000 in taxable note anticipation notes. The anticipation notes were issued for the purpose of financing the cost of street and utility improvements and property acquisition. The anticipation notes are special obligations of the City and do not constitute general obligation indebtedness of the City nor a charge against its general credit or taxing power.

Taxable note anticipation notes payable at December 31, 2015 consists of:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2015
Taxable note anticipation notes	5/1/14	9/1/18	1.70%	\$ 875,000	<u>\$ 875,000</u>

Debt service requirements to maturity are as follows:

	Principal	Interest
2016	\$	\$ 14,875
2017		14,875
2018	875,000	14,875
Totals	<u>\$ 875,000</u>	<u>\$ 44,625</u>

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Debt

Revenue debt payable at December 31, 2015 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2015</u>
Governmental activities					
Lease revenue bonds	8/25/15	9/1/19	1.6-2.65%	\$ 2,705,000	\$ 2,705,000
Lease revenue bonds	8/25/15	9/1/20	1.4-1.65%	1,225,000	1,225,000
Total governmental activities - revenue debt					<u><u>\$ 3,930,000</u></u>
Business-type activities					
Revenue bonds	4/28/04	5/1/23	1.419%	\$ 539,262	\$ 244,752
Revenue bonds	10/22/08	5/1/28	2.365%	1,269,213	1,014,257
Revenue bonds	10/22/08	5/1/28	1.419%	1,461,237	1,148,214
Revenue bonds	5/25/14	5/1/34	1.155%	361,589	345,414
Total business-type activities - revenue debt					<u><u>\$ 2,752,637</u></u>

Debt service requirements to maturity are as follows:

Years	<u>Governmental Activities Revenue Debt</u>		<u>Business-Type Activities Revenue Debt</u>	
	Principal	Interest	Principal	Interest
2016	\$ 755,000	\$ 76,502	\$ 194,072	\$ 44,090
2017	765,000	63,168	197,422	40,855
2018	785,000	47,868	200,833	37,559
2019	800,000	29,813	204,309	34,202
2020	825,000	13,613	207,849	30,781
2021-2025			1,029,073	101,220
2026-2030			639,970	22,017
2031-2034			79,109	1,841
Totals	<u><u>\$ 3,930,000</u></u>	<u><u>\$ 230,964</u></u>	<u><u>\$ 2,752,637</u></u>	<u><u>\$ 312,565</u></u>

Revenue Bond Anticipation Notes

Business-type activities long-term debt includes \$1,295,000 in water and sewer bond anticipation notes. The anticipation notes were issued for the purpose of paying the cost of utility system additions, improvements, and extensions. These notes will be redeemed and financed into a long-term revenue bond debt structure. The long-term revenue bond structure will be payable solely from revenues of the water and sewer systems.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Revenue bond anticipation notes payable at December 31, 2015 consist of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2015</u>
Revenue bond anticipation notes	5/1/14	9/1/18	1.50%	\$ 500,000	\$ 500,000
Revenue bond anticipation notes	7/1/14	5/1/19	1.75%	795,000	795,000
Total business-type activities - revenue bond anticipation notes					<u>\$ 1,295,000</u>

Debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2016	\$	\$ 21,413
2017		21,412
2018	500,000	21,413
2019	795,000	6,956
Total	<u>\$ 1,295,000</u>	<u>\$ 71,194</u>

Lease Revenue Bonds

As security for the bonds, the Authority has entered into lease agreements with the City of Prairie du Chien. The term and amounts of the rent payments are the same as the payment dates and amounts of the lease revenue bonds. In addition, the Authority agrees to maintain a reserve account for each lease revenue bond issue equal to 10% of the principal amount of the bonds. Upon full and final payment of all bonds, the lease shall terminate and title to the leased property shall be transferred to the City.

The bonds are limited obligation of the Authority payable by it solely from the revenues and income derived by the Authority pursuant to the terms of the lease. It shall never be considered a general obligation of the Authority or the City.

Water System Mortgage Revenue Bonds

Under the terms of the bond resolutions, local officials must comply with certain requirements specified therein as discussed below:

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Water System Mortgage Revenue Bonds (Continued)

Section 6 provides that income and revenues of the water utility shall be set aside into separate and special funds (bank accounts) as follows:

Account	Amount	Nature of Authorized Expenditure
Operation and Maintenance Fund		Paying current expenses in the operation and maintenance of system
Debt Service Fund	Monthly payments to be not less than 1/6 of interest next coming due, plus 1/12 of the principal next maturing.	Paying current interest and principal on bonds
Depreciation Fund	Amount determined by the Governing Body to be sufficient to provide a proper and adequate depreciation account for the system.	New construction, repairs, replacements, extensions, or additions to the system

Section 9 requires that the "net revenues" of the system for each year be not less than 1.10 times the maximum annual debt service requirement. The City shall pay an amount, subject to certain limitations which together with the "net revenues" of the System will produce monies equivalent to not less than 1.10 times the maximum annual debt service requirement. For the year ended December 31, 2015, the "net revenues" of the system were \$453,004 or 3.1 times the annual debt service requirement.

Sewerage System Mortgage Revenue Bonds

Under the terms of the bond resolutions, local officials must comply with certain requirements specified therein as discussed below:

Section 6 provides that income and revenues of the sewer utility shall be set aside into separate and special funds (bank accounts) as follows:

Account	Amount	Nature of Authorized Expenditure
Operation and Maintenance Fund		Paying current expenses in the operation and maintenance of system
Debt Service Fund	Monthly payments to be not less than 1/6 of interest next coming due, plus 1/12 of the principal next maturing	Paying current interest and principal on bonds
Depreciation Fund	Revenue deposited monthly until \$120,000 is accumulated.	New construction, repairs, replacements, extensions, or additions to the system

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 5

LONG-TERM OBLIGATIONS (CONTINUED)

Sewerage System Mortgage Revenue Bonds (Continued)

Section 9 requires that the "net revenues" of the system for each year be not less than 1.10 times the annual debt service requirement. The City shall pay an amount, subject to certain limitations which together with the "net revenues" of the System will produce monies equivalent to not less than 1.10 times the annual debt service requirement. For the year ended December 31, 2015, the "net revenues" of the system were \$370,181 or 4.1 times the annual debt service requirement.

Installment Contract Payable

The City's sewer utility entered into an installment contract with the Town of Prairie du Chien for the purchase of a lift station. The contract is non-interest bearing and due in annual payments of \$32,000, with final payment due January 10, 2019. Debt service requirements are as follows:

Year	Principal
2016	\$ 32,000
2017	32,000
2018	32,000
2019	32,000
Total	<u>\$ 128,000</u>

NOTE 6

CAPITAL LEASES, AS LESSEE

Governmental Activities

The following is an analysis of the original cost of leased property under capital leases by major classes as of December 31, 2015:

Police vehicles	<u>\$ 78,008</u>
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The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the set minimum lease payments as of December 31, 2015:

<u>Year ended December 31,</u>	
2016	\$ 27,532
2017	27,532
Total minimum lease payment	<u>55,064</u>
Less: amount representing interest	<u>(4,588)</u>
Present value of net minimum lease payments	<u>\$ 50,476</u>

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 6

CAPITAL LEASES, AS LESSEE (CONTINUED)

Business-Type Activities

The following is an analysis of the original cost of leased property under capital leases by major classes as of December 31, 2015:

Sewer equipment	<u>\$ 430,000</u>
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The following is a schedule by years of future minimum lease payments under the capital leases together with the present value of the set minimum lease payments as of December 31, 2015:

Year ended December 31,		
2016	\$	72,085
2017		72,085
2018		72,085
2019		72,085
2020		72,085
Total minimum lease payment		360,425
Less: amount representing interest		(31,425)
Present value of net minimum lease payments	\$	329,000

NOTE 7

DEFINED BENEFIT PENSION PLAN

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

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

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

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

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

During the reporting period, the WRS recognized \$197,125 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

	<u>2015</u>	
	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.80%	6.80%
Executive & elected officials	7.70%	7.70%
Protective with social security	6.80%	9.50%
Protective without social security	6.80%	13.10%

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2015, the City reported an asset of \$385,953 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. 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, 2014, the City's proportion was 0.01571295%, which was a decrease of 0.00036695% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$191,710.

Pension amounts have been allocated to the proprietary funds and business-type activities. Allocations were based on the proportionate share of current year contributions to the pension plan made by the proprietary funds and business-type activities relative to the total contributions made by the City.

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 55,951
Net differences between projected and actual earnings on pension plan investments	186,897
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,756
Employer contributions subsequent to the measurement date	189,402
Total	\$ 442,006

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

\$189,402 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, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflows of Resources
2016	\$ 49,579
2017	49,579
2018	49,579
2019	49,579
2020	49,579
Thereafter	4,709
Total	\$ 252,604

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

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

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 7

DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

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

Sensitivity of the City of Prairie du Chien'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 (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	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)	\$1,088,840	\$(385,953)	\$(1,550,685)

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

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 8

INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a schedule of interfund receivables and payables at December 31, 2015:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
Capital Projects	General	\$ 573
General	Capital Projects	91,480
General	TID #4	49,703
General	TID #5	39,493
General	Commuter Bus	14,404
General	Grants & Donations	87,164
	Total	<u>\$ 282,817</u>
Proprietary Funds:		
Water utility	Capital Projects	\$ 247,812
Water utility	General	35,694
Sewer utility	Capital Projects	987,240
Sewer utility	General	52,256
	Total	<u>\$ 1,323,002</u>

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

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The following is a schedule of interfund transfers:

<u>Fund Transfer To</u>	<u>Fund Transfer From</u>	<u>Amount</u>
Governmental Funds:		
General	TIF #7	\$ 4,442
General	Library Trust	5,000
General	Redevelopment Authority	19,000
General	Water utility - tax equivalent	195,112
General	TIF #1	10,002
Debt Service	General	952,240
Debt Service	TIF #1	102,009
Debt Service	TIF #2	86,078
Debt Service	TIF #4	77,331
Debt Service	TIF #5	180,830
Debt Service	TIF #6	1,284,194
Debt Service	Environmental Remediation District #1	7,799
Debt Service	Capital Projects	10,115
Capital Projects	General	345
Redevelopment Authority	TIF #6	19,075
Revolving Loan	Redevelopment Authority	73,125
Grants and Donations	Redevelopment Authority	10,359
Grants and Donations	Capital Projects	71,929
Library Campaign	General	1,357
	Total	<u>\$ 3,110,342</u>
Proprietary Funds:		
General	Water utility	\$ 192,915
General	Sewer utility	2,197
	Total	<u>\$ 195,112</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) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) move fund balances whose designated purpose has been removed. Transfers between TIF districts were made in accordance with the TIF projects plans.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 9

DEFERRED INFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer inflow recognition in connection with resources that have been received, but not yet earned. At December 31, 2015 the various components of deferred inflow of resources reported in the governmental funds were as follows:

Property tax receivable	\$	2,617,455
Tax increment receivable		1,850,471
Special assessments not yet due		200,930
Subsequent period prepayments		254
Mortgages receivable		2,601,510
Long term receivable		30,000
Total deferred inflows of resources	\$	7,300,620

Postponed special assessments are generally collectible on annual installments from one to five years while others have been deferred until the property is sold or placed in service.

The mortgage receivable of \$2,601,510 represents various loans to homeowners and businesses that were originally financed from grants received by the City from the State of Wisconsin. Repayment of principal and interest on the mortgages is recorded as revenue in the community development block grant, DOD community block grant and downtown revolving loan special revenue funds and are used to finance additional loans.

NOTE 10

TAX INCREMENTAL DISTRICTS

The Tax Incremental Financing Districts were created under the provision of Wisconsin Statute 66.46. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of property after the creation date of the district. The tax on the increased value is called a tax increment.

Project costs may be incurred up to five years before the District's mandatory termination date. The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or for a maximum of 23 years (TID's created before October 1, 1995) or 20 years (TID's created after September 30, 1995). TID's created after October 1, 2004 will have a maximum life of 27 years for blight elimination districts and 20 years for industrial and mixed use TID's. An industrial and mixed-use TID has the option to extend maximum life by 5 years. Project costs uncollected at the dissolution date are absorbed by the City.

On March 17, 2015, the City approved the termination of TIF District #1 and TIF District #7. On February 23, 2016, the City approved the termination of TIF District #2.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 10

TAX INCREMENTAL DISTRICTS (CONTINUED)

	Creation Date	Last Date to Incur Project Costs	Maximum Life
District #2	9/13/89	9/12/11	9/13/16
District #4	7/14/94	7/13/16	7/14/21
District #5	9/28/94	9/27/16	9/28/21
District #6	9/15/96	9/15/14	9/16/19

Following is the cumulative status of the TIF Districts as of December 31, 2015:

	TIF #1	TIF #2	TIF #4	TIF #5	TIF #6	TIF #7
Revenues:						
Tax increments	\$ 1,413,445	\$ 1,947,342	\$ 1,476,412	\$ 2,341,957	\$ 18,933,034	\$ 66,547
Intergovernmental	52,405	128,365	8,553	132,506	1,712,424	1,145
Interest	39,860	36,047	6,780	18,498	265,358	778
Other income	283,787	266,711	32,787	180,022	855,460	61,782
Operating transfers-in			549,872	173,800	365,000	304,537
Total revenues	1,789,497	2,378,465	2,074,404	2,846,783	22,131,276	434,789
Expenditures:						
Construction	880,660	925,193	1,298,010	2,175,781	13,065,944	309,383
Economic development	578,234	623,607	90,516	1,082,315	4,465,531	74,268
Interest and fiscal charges	312,676	639,656	497,062	536,710	7,055,732	45,326
Bond refunding costs	7,425	33,009	17,520	30,325	579,598	1,369
Operating transfers-out	10,502		820,000	44,403	1,913,288	4,443
Total expenditures	1,789,497	2,221,465	2,723,108	3,869,534	27,080,093	434,789
Amount to be recovered through future increments	\$	\$ (157,000)	\$ 648,704	\$ 1,022,751	\$ 4,948,817	\$
Accounts payable	\$	\$	\$	\$	2,438	\$
Long-term debt outstanding		229,860	599,000	983,258	6,153,002	
Due to other funds			49,704	39,493		
Cash		(386,860)			(1,206,623)	
Amount to be recovered through future increments	\$	\$ (157,000)	\$ 648,704	\$ 1,022,751	\$ 4,948,817	\$

The amount to be recovered shown above will be increased by interest payments made in the future and by interest to be charged on the advances from other funds.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 11 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES

Governmental activities net position reported on the government wide statement of net position at December 31, 2015 includes the following:

GOVERNMENTAL ACTIVITIES

Net investment in capital assets	
Land and construction work in progress	\$ 6,928,517
Other capital assets, net of accumulated depreciation	13,956,887
Less: long-term debt outstanding	(11,201,476)
Add: unspent loan proceeds	117,709
Total net investment in capital assets	<u>9,801,637</u>
Restricted for:	
TIF expenditures	1,591,047
Long-term receivables	2,634,510
Urban redevelopment	393,939
Flood relief	103,473
Trust purposes	17,777
Donor restricted	149,761
Redevelopment authority	453,889
Debt service	69,152
Library campaign	54,705
Employee pension plan	330,916
Total restricted	<u>5,799,169</u>
Unrestricted (deficit)	<u>(1,736,975)</u>
Total governmental activities net position	<u>\$ 13,863,831</u>

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 11 GOVERNMENTAL ACTIVITIES NET POSITION AND GOVERNMENTAL FUND BALANCES (CONTINUED)

GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2015 includes the following:

Nonspendable:	
Materials and supplies	\$ 13,494
Prepayments	19,858
Long-term receivables	11,603
Total nonspendable	\$ 44,955
Assigned:	
Compensated absences	\$ 77,219
Restricted:	
Commuter bus	\$ 4,647
Revolving loans	78,480
Boat landing	155,733
Capital improvements	244,451
Library trust	17,777
TIF expenditures	1,591,047
Flood relief (ERD #1)	103,473
Redevelopment authority	453,889
Downtown revolving loan	246,333
Debt service	69,152
Community development block grant	58,173
DOD Community development block grant	10,953
Library campaign	54,705
Donor Restricted:	
Hoffman hall	103,719
Veterans memorial	2,081
Homme library	19,137
Park improvement	9,259
Other	15,565
Total restricted	\$ 3,238,574

The following nonmajor funds had a fund balance deficit at December 31, 2015:

TID 4	\$ (49,703)
TID 5	(39,493)
Grants and donations	(9,328)
Total (deficit)	\$ (98,524)

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 12 NET POSITION- BUSINESS-TYPE ACTIVITIES AND PROPRIETARY FUNDS

Proprietary fund balance and business-type activities net position at December 31, 2015 includes the following:

Net investment in capital assets:	
Land and construction work in progress	\$ 482,269
Other capital assets, net of accumulated depreciation	18,245,544
Less: related long-term debt outstanding	<u>(5,388,637)</u>
Total net investment in capital assets	<u>13,339,176</u>
Restricted:	
Water Utility	
Employee pension plan	20,919
Redemption account	5,849
Depreciation account	<u>7,665</u>
Total restricted net position - water utility	<u>34,433</u>
Sewer Utility	
Employee pension plan	34,118
Redemption account	5,915
Depreciation account	<u>7,882</u>
Total restricted net position - water utility	<u>47,915</u>
Total restricted net position	<u>82,348</u>
Unrestricted	<u>3,750,225</u>
Total business-type activities and proprietary fund balance net position	<u>\$ 17,171,749</u>

NOTE 13 EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

GASB has approved GASB Statement No. 72, *Fair Value Measure and Application*, Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and Statement No. 79, *Certain External Investment Pools and Pool Participants*. When they become effective, application of these standards may restate portions of these financial statements.

NOTE 14 COMMITMENTS/SUBSEQUENT EVENTS

Prior to December 31, 2015, the City approved a bid for a chassis for a new dump truck for approximately \$41,000.

Subsequent to December 31, 2015, the City approved construction contracts of approximately \$860,000.

Subsequent to December 31, 2015, the City approved the purchase of land for a flood mitigation project for approximately \$86,500.

Subsequent to December 31, 2015, the City approved the purchase of a variable frequency drive and replace motor control center at Well #2 for approximately \$110,000.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE 14

COMMITMENTS/SUBSEQUENT EVENTS (CONTINUED)

On April 22, 2016, the City issued \$425,000 of bank notes with an interest rate of 2.95% for the purchase of a fire pumper. Debt requirements are as follows:

Years	Governmental Activities General Obligation Debt		
	Principal	Interest	Total
2017	\$	\$ 12,712	\$ 12,712
2018	30,358	12,712	43,070
2019	30,358	11,804	42,162
2020	30,358	10,925	41,283
2021	30,358	9,988	40,346
2022-2026	303,568	36,337	339,905
Totals	<u>\$ 425,000</u>	<u>\$ 94,478</u>	<u>\$ 519,478</u>

NOTE 15

CONCENTRATION

Approximately 17.7% and 13.8% of the 2015 operating revenues of the Water Utility and Sewer Utility, respectively, were billed to one customer.

NOTE 16

CONTINGENT LIABILITY

This City has identified an item as a potential liability not recorded on the financial statements. From time to time, the City is party to various claims and legal proceedings. Although the outcome of such matters cannot be forecast 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.

1. A legal action is pending against the City. The outcome of this matter is not presently determinable. The range of loss could be from \$0 to \$144,705. In the opinion of management, any ultimate resolution will not have a material adverse effect on the financial condition of the City.

NOTE 17

COMPONENT UNIT

This report contains the Housing Authority of the City of Prairie du Chien (housing authority), which is included as a component unit. Financial information is presented as a discrete column in the combined balance sheet and combined statement of revenues, expenditures, and changes in fund balances. A copy of the Housing Authority audit report can be obtained at the Housing Authority offices.

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

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE A

SUMMARY OF ACCOUNTING POLICIES

A summary of the Housing Authority's significant accounting policies applied in the preparation of the accompanying financial statements follow:

1. Description of Entity

The Housing Authority was created by the City of Prairie du Chien under the provisions of Section 66.40 to 66.404 of the Wisconsin Statutes.

The central purpose of the Housing Authority of the City of Prairie du Chien is to provide the opportunity for elderly residents to live in decent, affordable and standard housing.

2. Measurement Focus and Basis of Accounting

The term measurement focus is used to denote what is being measured and reported in the Housing Authority's operating statement. The Housing Authority is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Housing Authority is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the Housing Authority's operating statement. The Housing Authority uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

3. Assets, Liabilities and Equity

Deposits and Investments

The Housing Authority's cash and cash equivalents are considered to be cash and investments having original maturities of four years or less from the date of acquisition. Investments are stated at the lower of cost or market.

Receivables/Payables

Transactions between the Housing Authority and other funds of the municipality that are representative of lending/borrowing arrangements outstanding at year-end are referred to as advances to/from other funds.

The Housing Authority is charged tax equivalents due the City of Prairie du Chien at December 31, 2015. Payments in lieu of taxes of \$8,688 are treated as revenues in the General Fund of the City of Prairie du Chien.

Inventories

Materials and supplies inventories are valued at the lower of cost (first-in, first-out) or market.

Fixed Assets

Additions to the Housing Authority are recorded at cost or, if contributed property, at their estimated fair value at the date of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale and disposal of fixed assets is recorded by removing cost and accumulated depreciation.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE A SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

NOTE B CASH AND INVESTMENTS

The Authority's deposits and investments as of December 31, 2015:

	Book Balance	Bank Balance
Deposits covered by federal insurance	\$ 128,438	\$ 132,404

The Authority had no significant type of investment during the year not included in the above schedule.

FDIC Insurance

The insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term 'time and savings deposits' includes NOW accounts and money market deposit accounts but does not include interest bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits.

Collateralization of Public Unit Deposits

Depending on applicable state or federal law, public unit deposits may be secured by collateral or assets of the bank. In the event of the failure of the bank, the FDIC will honor the collateralization agreement if the agreement is valid and enforceable under applicable law. The FDIC does not guarantee, however, that the collateral will be sufficient to cover the amount of the uninsured funds. As such, although it does not increase the insurance coverage of the public unit deposits, collateralization provides an avenue of recovery in the event of the failure of an insured bank.

Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

Fluctuating cash flows during the year due to receipt of federal grants and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

City of Prairie du Chien, Wisconsin
Notes to the Basic Financial Statements
December 31, 2015

NOTE C

FIXED ASSETS

A summary of the Fixed Assets follows:

Land	\$ 16,499
Construction in progress	5,886
Buildings and improvements	1,403,331
Furniture and equipment	193,355
Total	<u>1,619,071</u>
Accumulated depreciation	<u>(1,161,816)</u>
Net	<u>\$ 457,255</u>
Current year depreciation expense	<u>\$ 62,033</u>

NOTE D

COMPENSATED ABSENCES

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

All vested vacation and sick leave pay is accrued when incurred.

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, 2015, are determined on the basis of current salary rates and include salary related payments.

NOTE E

RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss to torts; theft, damage, and destruction of assets; errors and emissions; and natural disasters for which the Housing Authority carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. In addition, there have been no settlements in excess of coverage in any of the prior three fiscal years.

NOTE F

ECONOMIC DEPENDENCY

The Authority is economically dependent on annual contributions and grants from the U.S. Department of Housing and Urban Development (HUD). The Authority operates at a loss prior to receiving contributions and grants from HUD.

Required Supplementary Information

Exhibit B-1
Required Supplementary Information

City of Prairie du Chien, Wisconsin
Budgetary Comparison Schedule for the General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variances - Positive (Negative)	
	Original	Final		Original to Actual	Final to Actual
REVENUES					
Taxes	\$ 2,558,276	\$ 2,596,906	\$ 2,620,373	\$ 62,097	\$ 23,467
Special assessments	9,357	11,578	11,578	2,221	
Licenses and permits	28,892	35,048	44,213	15,321	9,165
Intergovernmental	2,037,973	2,032,555	2,008,311	(29,662)	(24,244)
Fines and forfeitures	58,800	67,300	65,056	6,256	(2,244)
Charges for services	550,081	554,033	620,996	70,915	66,963
Interest income	10,022	10,022	8,743	(1,279)	(1,279)
Miscellaneous	114,394	114,577	106,502	(7,892)	(8,075)
Total revenues	5,367,795	5,422,019	5,485,772	117,977	63,753
EXPENDITURES					
General government	797,385	934,777	746,249	51,136	188,528
Public safety	1,478,149	1,462,533	1,471,729	6,420	(9,196)
Public works	1,210,661	1,209,116	1,142,088	68,573	67,028
Health and social services	5,500	4,700	4,628	872	72
Leisure activities	775,532	788,409	799,642	(24,110)	(11,233)
Community and economic development	271,130	295,730	299,437	(28,307)	(3,707)
Capital outlay	27,900	25,719	125,424	(97,524)	(99,705)
Debt service	29,627	28,579	28,579	1,048	
Total expenditures	4,595,884	4,749,563	4,617,776	(21,892)	131,787
Excess (deficiency) of revenues over expenditures	771,911	672,456	867,996	96,085	195,540
OTHER FINANCING SOURCES (USES)					
Long-term debt proceeds			78,008	78,008	78,008
Proceeds from sale of fixed assets		81,481	79,743	79,743	(1,738)
Transfer from other funds	189,000	205,895	233,556	44,556	27,661
Transfer to other funds	(960,911)	(959,832)	(953,941)	6,970	5,891
Total other financing sources (uses)	(771,911)	(672,456)	(562,634)	209,277	109,822
Net change in fund balances			305,362	305,362	305,362
Fund balance - beginning of year	1,416,753	1,416,753	1,416,753		
Fund balance - end of year	\$ 1,416,753	\$ 1,416,753	\$ 1,722,115	\$ 305,362	\$ 305,362

City of Prairie du Chien, Wisconsin
Notes to Required Supplementary Information
December 31, 2015

NOTE 1

BUDGET SCHEDULE

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 1(C) to the financial statements.

The City budget is adopted in accordance with state law. Budget amounts in the financial statements include appropriations authorized in the original budget resolution and subsequent revisions authorized by the City Council. Such revisions are required by a statutory provision which states that no expenditure can be made from an expired appropriation. The statutes also require publication of these budget revisions. Revisions require a two-thirds vote of the City Council. Appropriations for the general fund lapse at year end unless specifically carried forward by Council action.

A Budget is not required for the Community Development Block Grant fund.

The City does not utilize encumbrances in its budget process but does take into consideration certain appropriations, which do not lapse on an annual basis.

NOTE 2

EXCESS EXPENDITURES OVER APPROPRIATIONS

The following expenditures exceeded budget appropriations in the general fund for the year ended December 31, 2015:

Expenditure	Excess Expenditure
Public safety	\$ 9,196
Leisure activities	11,233
Community and economic development	3,707
Capital outlay	99,705

Exhibit B-2
City of Prairie du Chien, Wisconsin
Wisconsin Retirement System Schedules
December 31, 2015

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years*

	2015
City's proportion of the net pension liability (asset)	(.01571295%)
City's proportionate share of the net pension liability (asset)	\$(385,953)
City's covered-employee payroll	\$1,836,757
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(21.01%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

*The proportionate share of the net pension liability (asset) and other amounts presented about for each year were determined as of the calendar year-end that occurred 12 months prior to the financial reporting period.

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years**

	2015
Contractually required contributions	\$189,402
Contributions in relation to the contractually required contributions	(\$189,402)
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$1,873,918
Contributions as a percentage of covered-employee payroll	10.11%

**The contribution and other amounts presented above for each calendar year are based on information that occurred during that same year.

The City implemented Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 9 preceding years.

Notes to Wisconsin Retirement System Schedules
for the Year Ended December 31, 2015

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

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

Supplementary Information

Exhibit C-1
City of Prairie du Chien, Wisconsin
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2015

	Tax Increment District 2	Tax Increment District 4	Tax Increment District 5	Environmental Remediation District #1	Special Revenue Funds	
					DOD Community Development Block Grant	Downtown Revolving Loan
ASSETS						
Cash and investments	\$ 386,862	\$	\$	\$ 103,473	\$ 10,953	\$ 246,333
Receivables:						
Taxes	101,108	102,552	168,180	11,850		
Due from other governments						
Long-term receivables:						
Accounts receivable						30,000
Loans receivable					272,819	78,794
Total assets	\$ 487,970	\$ 102,552	\$ 168,180	\$ 115,323	\$ 283,772	\$ 355,127
LIABILITIES						
Accounts payable	\$	\$	\$	\$	\$	\$
Due to other funds		49,703	39,493			
Total liabilities		49,703	39,493			
DEFERRED INFLOWS OF RESOURCES	101,108	102,552	168,180	11,850	272,819	108,794
FUND BALANCES						
Restricted	386,862			103,473	10,953	246,333
Unassigned (deficit)		(49,703)	(39,493)			
Total fund balances	386,862	(49,703)	(39,493)	103,473	10,953	246,333
Total liabilities, deferred inflows of resources, and fund balances	\$ 487,970	\$ 102,552	\$ 168,180	\$ 115,323	\$ 283,772	\$ 355,127

Exhibit C-1 (Continued)
City of Prairie du Chien, Wisconsin
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2015

Special Revenue Funds

Boat Landing	Library Trust	Redevelopment Authority	Revolving Loan	Commuter Bus	Grants & Donations Fund	Library Campaign	Total
\$ 155,733	\$ 17,777	\$ 462,027	\$ 78,480	\$	\$	\$ 54,705	\$ 1,516,343
							383,690
				43,239	78,298		121,537
							30,000
			596,005				947,618
\$ 155,733	\$ 17,777	\$ 462,027	\$ 674,485	\$ 43,239	\$ 78,298	\$ 54,705	\$ 2,999,188
\$	\$	\$ 8,138	\$	\$ 24,188	\$ 462	\$	\$ 32,788
				14,404	87,164		190,764
		8,138		38,592	87,626		223,552
			596,005				1,361,308
155,733	17,777	453,889	78,480	4,647	(9,328)	54,705	1,512,852
							(98,524)
155,733	17,777	453,889	78,480	4,647	(9,328)	54,705	1,414,328
\$ 155,733	\$ 17,777	\$ 462,027	\$ 674,485	\$ 43,239	\$ 78,298	\$ 54,705	\$ 2,999,188

Exhibit C-2
City of Prairie du Chien, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2015

	Tax Increment District 1	Tax Increment District 2	Tax Increment District 4	Tax Increment District 5	Tax Increment District 7	Environmental Remediation District #1	Special Revenue Fund DOD Community Development Block Grant
REVENUES							
Taxes	\$ 56,373	\$ 71,603	\$ 105,427	\$ 171,690	\$ 3,560	\$ 11,868	\$
Intergovernmental	53	111	504	134	22	31	
Charges for services							
Interest	271	1,696	281	100	30	401	36
Miscellaneous		431				3,085	2,200
Total revenues	56,697	73,841	106,212	171,924	3,612	15,385	2,236
EXPENSES							
General government							
Transportation							
Community and economic development	21,906	150	11,902		9,297	150	
Capital outlay:							
Transportation				3,611			
Community and economic development				150			
Total expenditures	21,906	150	11,902	3,761	9,297	150	
Excess of revenues over (under) expenditures	34,791	73,691	94,310	168,163	(5,685)	15,235	2,236
OTHER FINANCING SOURCES (USES)							
Transfers in							
Proceeds from sale of fixed assets							
Debt issue costs	(775)				(775)		
Transfers out	(112,011)	(86,078)	(77,331)	(180,830)	(4,442)	(7,799)	
Total other financing sources (uses)	(112,786)	(86,078)	(77,331)	(180,830)	(5,217)	(7,799)	
Excess of revenues and other financing sources (uses) over (under) expenditures	(77,995)	(12,387)	16,979	(12,667)	(10,902)	7,436	2,236
Fund balances, beginning	77,995	399,249	(66,682)	(26,826)	10,902	96,037	8,717
Fund balances, ending	\$	\$ 386,862	\$ (49,703)	\$ (39,493)	\$	\$ 103,473	\$ 10,953

Exhibit C-2 (Continued)
City of Prairie du Chien, Wisconsin
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2015

Special Revenue Funds								
Downtown Revolving Loan	Boat Landing	Library Trust	Redevelopment Authority	Revolving Loan	Commuter Bus	Grants & Donations Fund	Library Campaign	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
					448,174	84,588		420,521
	39,097							533,617
1,036	522	129	1,975	215		14	47	39,097
1,779			30,000	26,775	60,752	13,341	53,301	6,753
								191,664
2,815	39,619	129	31,975	26,990	508,926	97,943	53,348	1,191,652
3,444				755				4,199
					540,794			540,794
								43,405
	615							4,226
69,120			124,178	20,880		178,279		392,607
72,564	615		124,178	21,635	540,794	178,279		985,231
(69,749)	39,004	129	(92,203)	5,355	(31,868)	(80,336)	53,348	206,421
97,968			19,075	73,125		82,288	1,357	175,845
			12,500					110,468
			(5,000)	(102,484)				(1,550)
								(575,975)
97,968		(5,000)	(70,909)	73,125		82,288	1,357	(291,212)
28,219	39,004	(4,871)	(163,112)	78,480	(31,868)	1,952	54,705	(84,791)
218,114	116,729	22,648	617,001		36,515	(11,280)		1,499,119
\$	\$	\$	\$	\$	\$	\$	\$	\$
246,333	155,733	17,777	453,889	78,480	4,647	(9,328)	54,705	1,414,328

Exhibit C-3
City of Prairie du Chien, Wisconsin
Balance Sheet
Capital Projects Fund
December 31, 2015

	Capital Projects				Total Capital Projects
	Hoffman Hall	Marquette Road - 2014	Marquette Road - 2017	Capital Improvements	
ASSETS					
Cash and investments	\$ 103,719	\$	\$	\$ 1,502,364	\$ 1,606,083
Receivables:					
Due from other governmental units		11,485	98,610		110,095
Due from other funds				573	573
Total assets	\$ 103,719	\$ 11,485	\$ 98,610	\$ 1,502,937	\$ 1,716,751
LIABILITIES					
Accounts payable	\$	\$ 11,485	\$ 13,845	\$ 575	\$ 25,905
Due to other governmental units			16,143		16,143
Due to other funds			91,480	1,235,053	1,326,533
Total liabilities		11,485	121,468	1,235,628	1,368,581
FUND BALANCE					
Restricted	103,719		(22,858)	267,309	348,170
Total liabilities and fund balances	\$ 103,719	\$ 11,485	\$ 98,610	\$ 1,502,937	\$ 1,716,751

Exhibit C-4
City of Prairie du Chien, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Projects Fund
For the Year Ended December 31, 2015

	Capital Projects				Total Capital Projects
	Hoffman Hall	Marquette Road - 2014	Marquette Road - 2017	Capital Improvements	
REVENUES					
Intergovernmental	\$	\$ 165,987	\$ 98,610	\$	\$ 264,597
Interest		1,599		5,317	6,916
Miscellaneous revenues		164,912			164,912
Total revenues		166,511	165,987	98,610	5,317
EXPENDITURES					
Capital outlay:					
Public safety				30,000	30,000
Transportation facilities		154,208	146,213	915,118	1,215,539
Leisure activities	186,534			37,286	223,820
Community and economic development				37,486	37,486
Total expenditures		186,534	154,208	146,213	1,019,890
Excess of revenues over (under) expenditures		(20,023)	11,779	(47,603)	(1,014,573)
OTHER FINANCING SOURCES (USES)					
Long-term debt proceeds		1,340,000			1,340,000
Current refunding of debt principal		(1,445,000)			(1,445,000)
Proceeds from sale of fixed assets			81,261		81,261
Debt issue costs		(52,444)			(52,444)
Transfer from other funds			345	(55,681)	345
Transfer to other funds		(10,115)		(71,929)	(82,044)
Total other financing sources (uses)		(167,559)	81,606	55,681	(127,610)
Net change in fund balances		(187,582)	93,385	8,078	(1,142,183)
Fund balance January 1		291,301	(93,385)	(30,936)	1,409,492
Fund balance December 31	\$	103,719	\$	(22,858)	\$ 267,309
				\$	348,170

Exhibit C-5
 Prairie du Chien Water and Sewer Utilities
 Schedule of Insurance
 December 31, 2015

Type	Coverage	Term
Property	\$23,342,516 Buildings in the Open \$6,643,876 Property in the Open \$2,701,094 Personal Property \$1,787,744 Contractor's Equipment ACV Motor Vehicle Comprehensive ACV Collision \$ 30,000 Monies and Securities	1/1/15 – 12/31/15
General Liability	\$2,000,000 Aggregate; \$1,000,000 per occurrence \$ 100,000 Fire Damage	1/1/15 – 12/31/15
Auto	\$1,000,000 Liability	1/1/15 – 12/31/15
Worker's Compensation	\$ 500,000/Accident \$ 500,000/Disease/Employee \$ 500,000/Disease/Policy Limit	1/1/15 – 12/31/15
Linebacker	\$1,000,000/Loss/Aggregate	1/1/15 – 12/31/15
Umbrella	\$5,000,000/Loss/Aggregate	1/1/15 – 12/31/15

Exhibit C-6
Prairie du Chien Water and Sewer Utilities
Other Utility Information
December 31, 2015

The number of connections to the system at the end of the year were as follows:

	Number	Gallons (000's)
Residential	2,168	84,304
Commercial	285	73,884
Industrial	17	99,338
Public authority	49	49,689
Multifamily residential	37	7,009
Sales for resale	1	28,241
Totals	<u>2,557</u>	<u>342,465</u>



Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

To the City Council and Aaron Kramer, City Administrator
City of Prairie du Chien, Wisconsin

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prairie du Chien, Wisconsin as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Prairie du Chien's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Prairie du Chien's internal control. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the City of Prairie du Chien's internal control to be a material weakness:

Segregation of Duties

The size of the office staff precludes a proper segregation of functions to assure adequate internal control. This is not unusual in organizations of your size, but management should continue to be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management's knowledge and monitoring of matters relating to the City's operations.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Preparation of Financial Statements

The City's staff does not prepare the financial statements and accompanying notes. It has designated an individual responsible for reviewing and accepting the financial statements and related notes.

Bond Activity

The debt service and reserve accounts on the redevelopment lease refunding bonds are maintained at a financial institution. The City makes required deposits to these funds and the financial institution invests the funds and makes the bond payments. The City receives statements from the financial institution detailing the activity in the funds. The journal entry made to the general ledger to reflect this activity was not made.

This communication is intended solely for the information and use of management, the City Council, and others within the administration, and is not intended to be, and should not be, used by anyone other than these specified parties.

Johnson Block and Company, Inc.

Johnson Block & Company, Inc.

July 6, 2016
Mineral Point, Wisconsin



Certified Public Accountants

2500 Business Park Road ▲ Mineral Point, Wisconsin 53565 ▲ TEL 608-987-2206 ▲ FAX 608-987-3391

To the City Council
City of Prairie du Chien, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Prairie du Chien, Wisconsin for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 19, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the City changed accounting policies related to pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date for the year ended in December 31, 2015. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

1. Management's estimate of the pension asset and deferred outflows and inflows of resources are based on various factors. These estimates were computed by the pension plan administrator. We evaluated the key factors and assumptions used to develop these amounts in determining that they are reasonable in relation to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management:

- Record utility fixed asset additions and removals.
- Record utility depreciation expense.
- Reclassify expenses to correct fund.
- Record unbilled revenue.
- Record utility installment note payable.
- Record capital leases.
- Record additional accounts receivable.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 6, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statement or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the budgetary comparison information and Wisconsin Retirement Systems schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the schedule of insurance, and other utility information, which accompany the financial statements but are not RSI. 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.

Attached are recommendations and informational points to management that are not material weaknesses or significant deficiencies.

Restrictions on Use

This information is intended solely for the information and use of the City Council and management of the City of Prairie du Chien, Wisconsin, and is not intended to be and should not be used by anyone other than those specified parties.

Johnson Block & Company, Inc.

Johnson Block and Company, Inc.
July 6, 2016
Mineral Point, Wisconsin

Client: *City of Prairie Du Chien*
Engagement: *2015 Audit City of Prairie du Chien*
Period Ending: *12/31/2015*

Account	Description	Debit	Credit
Proposed JE # 6001			
Record estimate of uncollectible personal property taxes			
100-51-19140-000	UNCOLLECTIBLE RECEIVABLES	11,002.00	
100-00-12320-000	DELINQUENT PERSONAL PROPERTY		11,002.00
Total		11,002.00	11,002.00
Proposed JE # 6002			
To record accrued payroll at 12/31/15.			
100-00-34300-000	UNRESERVED FUND BALANCE-SURPLU	93,579.19	
100-51-14100-110	CITY ADMINISTRATOR-WAGES	21,621.37	
600-00-34216-000	UNAPPROPRIATED EARNED SURPLUS	3,125.70	
600-53-06200-110	PUMPING OPERATIONS-WAGES	2,967.84	
610-00-34216-000	SURPLUS	7,007.36	
610-53-06200-110	SALARIES	946.45	
100-00-21100-000	ACCOUNTS PAYABLE		115,200.56
600-00-21100-000	ACCOUNTS PAYABLE		6,093.54
610-00-21100-000	ACCOUNTS PAYABLE		7,953.81
Total		129,247.91	129,247.91
Proposed JE # 6003			
Record imputed interest on lift station.			
610-00-21200-000	Installment Payable	3,716.00	
610-00-18390-000	STRUCTURES & IMPROVEMENTS		3,716.00
Total		3,716.00	3,716.00
Proposed JE # 6004			
Remove CDBG Loans likely to be foreclosed			
203-00-26000-000	DEFERRED REVENUES	75,380.00	
203-00-17200-000	LOANS RECEIVABLE		75,380.00
Total		75,380.00	75,380.00
Proposed JE # 6005			
Adjust accounts payable to actual at 12/31/15			
100-00-21100-000	ACCOUNTS PAYABLE	2,619.00	
100-51-16110-300	CITY HALL-SUPPLIES & EXPENSES		2,619.00
Total		2,619.00	2,619.00
Proposed JE # 6006			
Adjust cash balance as of 12/31/15			
306-51-51450-000	MISC. EXPENSES	2,914.00	
306-00-11600-000	BOND RESERVE ACCOUNT		2,914.00
Total		2,914.00	2,914.00

Client: **City of Prairie Du Chien**
 Engagement: **2015 Audit City of Prairie du Chien**
 Period Ending: **12/31/2015**

Account	Description	Debit	Credit
Proposed JE # 6007			
Record Marquette Road state aid as deferred inflows of resources at December 31, 2015. Amount not received within 60 days.			
431-43-43530-132	STATE AID - MARQUETTE ROAD	98,609.90	
431-00-26101-000	DEFERRED REVENUE		98,609.90
Total		98,609.90	98,609.90

RECOMMENDATIONS AND INFORMATIONAL POINTS TO MANAGEMENT
THAT ARE NOT MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES

PRIOR YEAR ITEMS

Budgets

Several areas had budget overages. The budget should be compared to actual revenues/expenditures on a regular basis. When expenditures will exceed the budget, the budget should be amended according to state statute. A resolution should be adopted indicating which functions are being amended and where the transfers are being taken from.

2015 Update

This still applies for 2015.

Sick Leave Policy

Currently, upon retirement, an employee can apply unused sick leave hours towards future health insurance premiums or an employee may take a cash payout of 75% of their accumulated sick leave.

If an employee is offered the option to receive a taxable benefit (e.g., cash) or a nontaxable benefit (e.g., health plan coverage), the employee will generally be taxed as though he/she elected the taxable benefit regardless of the benefit he/she actually elects. This tax principle is referred to as the doctrine of “constructive receipt.”

Eliminate the Employee’s Ability to Elect Taxable or Nontaxable Benefits. An employee will not be in constructive receipt of a taxable benefit if he/she does not have the ability to choose between taxable and nontaxable benefits.

- a) Option Limited to Nontaxable Benefits. If an employee is only given the option to choose between two nontaxable benefits, the employee would not be subject to tax on his/her election. For example, if a terminating/retiring employee would be given the option to elect to have the value of unused sick leave applied to provide continued health plan coverage or to acquire long-term care insurance, there would not be a taxable event because group health coverage and long-term care insurance are both nontaxable benefits.
- b) No Election Made By Employee. Constructive receipt will not apply if the employee does not have the authority to elect between the benefits offered.
 - i. Election by Employer. Under an arrangement described in Private Letter Ruling 200302032, the employer would apply an amount equal to the retiree’s unused sick leave to (a) purchase additional retiree health insurance coverage, or (b) make a contribution to a Code section 403(b) account in the employee’s name. The employer would decide where the money would be applied based upon several factors, including the retiree’s access to other health coverage, the value of the retiring employee’s unused sick leave, and the willingness of the employer’s health insurer to cover the retiree. Because the employer decided where contributions would be made, constructive receipt issues were avoided.
 - ii. Automatic Triggers. Constructive receipt would be avoided if the determination of whether a terminating/retiring employee would receive the value of unused sick leave in cash or in the form of continued health plan coverage were made automatically based upon objective criteria. For example, there would be no constructive receipt issue if the arrangement provided that unused sick leave would automatically be applied to purchase continued health plan coverage if the value were \$1,000 and would be distributed to the employee in cash if the value were \$1,000 or less. If the value of a terminating employee’s leave exceeded \$1,000, the employee should not be subject to tax on his/her continued health coverage. If other criteria were established, care would need to be taken to avoid potential discrimination concerns (e.g., the unavailability of a benefit based on age) and to avoid indirect employee control over the option selected.

The City should be aware of these requirements as they relate to retirees and may want to review its policy to provide a cash election.

2015 Update

This still applies for 2015.

On-Line Receipts

A separate bank account is used to allow payments by the public to be made electronically. The deposits into this account are not recorded until the transfer is made from this account to the general fund checking. Deposits should be recorded on the general ledger as received by the on-line bank account. Transfers would be coded between cash accounts. A bank reconciliation should be prepared at the end of the month for this on-line account that reconciles to the general ledger. The activity in the on-line account should be reviewed at that time and approved by the City Administrator.

2015 Update

Deposits are recorded on the general ledger as received by the on-line bank account. A transfer is done monthly between the on-line account and the checking account. The activity in the account is still not being reviewed and approved by the City Administrator.

Library Procedures

Based on our review of library procedures, we would recommend the following:

A) Presently, library invoices are received at the library and City Hall. The invoices received at City Hall are then sent to the librarian and processed for Library Board approval. These are then forwarded on to City Hall for payment. This requires the invoices to be processed twice, once at the Library and again at City Hall. We suggest all invoices be sent to City Hall and prepared for approval by the Library Board. Once approved by the Library Board, they would be sent back to City Hall for payment and mailing of the check.

B) Cash collected for fines, copies, etc. are presently tracked by marking a category on a log and depositing it in a drawer. Each morning, the cash is counted and compared to the log. Any excess difference is considered fines. The cash is then stored in a safe until sent to City Hall weekly. We believe the use of a cash register would strengthen controls in this area. All cash collected would be rung up on the cash register and a receipt given to the customer. Cash would be counted and reconciled to the cash register tape. A copy of the reconciliation would accompany the cash when it is sent to City Hall.

C) Large donations received directly by the librarian are deposited directly into the bank. With the new library capital campaign, donations will be coming into the library and City Hall. Since a City staff person will be keeping track of pledges and payments received, we recommend that all capital campaign donations be sent to City Hall to be deposited. This will provide a more accurate accounting of the status of pledges.

2015 Update

All invoices are received at the library, approved by the Library Board, and then brought to City Hall for payment and mailing of the check. All receipts are now brought to City Hall and deposited by City Hall employees. The City has implemented appropriate corrective action for items A and C. The library now has a cash register, but new procedures have not yet been implemented.

2015 ITEMS

Tax Incremental Financing Law Changes

The State of Wisconsin recently passed four bills into law that affect Tax Incremental Financing Districts (TID). Some provisions that may affect the City are as follows:

1. Changes the calculation of levy limit exceptions so that equalized value for the preceding year excludes the value of any TID increments for the year the TID terminates.
2. Effective October 1, 2016:
 - a. Requires Joint Review Board to meet July 1 each year or as soon as the updated annual report is available to review.
 - b. The Joint Review Board will remain in existence the entire time the TID exists with the same taxing jurisdictions.
 - c. The municipality must submit an electronic annual report of each existing TID to each overlying-taxing jurisdiction. Annual reports must be submitted to the WI Department of Revenue (DOR) beginning July 1, 2017. Any late reports will be assessed \$100 per day. The form of the annual report has yet to be established by the WI DOR but will include, along with others, the source of revenue and a list of expenditures by category of permissible project costs.
3. Municipalities may amend a TID project plan and request a three-year extension of the TID's life if the tax increments were impacted by 2013 Act 145, which increased state aid to technical colleges.
4. The Wisconsin DOR will provide a fiscal estimate if a bill will increase or decrease the increment allocation for TID's or if the effect is indeterminate.

The City should be aware of these changes and their impact. Questions to consider include the following:

1. Will the City prepare the annual report and submit it or will this be a service requested to be performed by the auditor? If the auditor prepares, the additional fee would be a TID eligible expense.
2. Is the Joint Review Board still in place or does one have to be re-established with new members?
3. What impact did 2013 Act 145 have on the City's TIDs' ability to collect sufficient increments? Should the project plan be amended to extend the life? If the life is extended, will that impact what projects are undertaken prior to the final date to incur project costs in the TID?

We are available to discuss the impact of these law changes on the City's TIDs.

Disbursement Approval

City policy requires approval of all disbursements in excess of \$1,000 prior to payment. Invoices are generally paid after the approval at City Council meetings. In order to meet due dates, payments for health insurance, utilities, and credit card amounts are allowed prior to Council meetings. These types of payments often exceed \$1,000 and are currently not reviewed for approval by the City Council. We recommend that the Council or the Finance Committee approve these payments prior to meetings or perform an after the fact approval.

Credit Card Disbursements

During the audit we reviewed one monthly credit card statement. Multiple transactions were not accompanied by supporting documentation. Prior to payment, we recommend the City receive supporting documentation for all purchases made with credit cards.

Room Tax Changes

The state budget made changes to the room tax law which take effect on January 1, 2017. Among these are the following:

- 1) Municipalities will no longer have discretion to directly spend the portion of room tax revenues required to be used for tourism promotion and development.
- 2) A municipality will forward the portion of room tax revenue required to be spent on tourism promotion and development to a local tourism commission or a tourism entity for spending. The law outlines what is required to establish a commission by a single municipality.
- 3) Requires a municipality to submit annually, before May 1, a report to the Department of Revenue on a form created by the Department.

APPENDIX B

Form of Legal Opinion

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Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

October 25, 2016

Re: City of Prairie du Chien, Wisconsin ("Issuer")
\$1,830,000 General Obligation Promissory Notes, Series 2016,
dated October 25, 2016 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on June 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017	\$410,000	____%
2018	295,000	_____
2019	260,000	_____
2020	225,000	_____
2021	100,000	_____
2022	100,000	_____
2023	110,000	_____
2024	110,000	_____
2025	110,000	_____
2026	110,000	_____

Interest is payable semi-annually on June 1 and December 1 of each year commencing on June 1, 2017.

The Notes are not subject to optional redemption.

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Notes is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

APPENDIX C

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Prairie du Chien, Crawford County, Wisconsin (the "Issuer") in connection with the issuance of \$1,830,000 General Obligation Promissory Notes, Series 2016, dated October 25, 2016 (the "Securities"). The Securities are being issued pursuant to Resolutions adopted by the Governing Body of the Issuer on September 6, 2016 and October 4, 2016 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated October 4, 2016 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Prairie du Chien, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the City Clerk/Treasurer of the Issuer who can be contacted at 214 East Blackhawk Avenue, Prairie du Chien, WI 53821, phone (608) 326-6406, fax (608) 326-8182.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year that ends December 31, 2016, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the tables presented in the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. INDEBTEDNESS
2. FINANCIAL INFORMATION
3. PROPERTY VALUATIONS AND TAXES - Assessed and Equalized Values

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent

or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 25th day of October, 2016.

David Hemmer
Mayor

(SEAL)

Barbara L. Elvert
City Clerk/Treasurer

APPENDIX D

Official Notice of Sale

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OFFICIAL NOTICE OF SALE

CITY OF PRAIRIE DU CHIEN
CRAWFORD COUNTY, WISCONSIN

\$ 1,830,000*

GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2016

Dated Date of Delivery

Date, Time and Place. SEALED AND ELECTRONIC BIDS will be received by Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, financial advisor acting on behalf of the City of Prairie du Chien, Wisconsin (the “City”), for all but not part of the City’s \$1,830,000* General Obligation Promissory Notes, Series 2016, dated the Date of Delivery (the “Notes”), until 10:00 a.m. (Central Time) on:

October 4, 2016

at which time sealed bids will be opened, electronic bids retrieved and all bids publicly read. Sealed bids should be mailed or delivered to the offices of Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, Attention: Brian Della, or faxed to (414) 771-1041, and plainly marked “Bid for City of Prairie du Chien General Obligation Promissory Notes, Series 2016.” Electronic bids must be submitted through Parity®. A meeting of the Common Council will be held on said date for the purpose of taking action on such bids as may be received.

Terms of the Notes. The Notes will be dated the Date of Delivery and will mature June 1 as follows:

MATURITY SCHEDULE

<u>Year</u>	<u>Amount*</u>
2017	\$ 410,000
2018	295,000
2019	260,000
2020	225,000
2021	100,000
2022	100,000
2023	110,000
2024	110,000
2025	110,000
2026	110,000

Interest on said Notes will be payable semi-annually on June 1 and December 1, commencing June 1, 2017.

Adjustments to Principal Amounts After Determination of Best Proposal. The aggregate principal amount of the Notes, and each scheduled maturity thereof, are subject to increase or

* Preliminary, subject to change.

reduction by the City or its designee after the determination of the successful bidder. Such adjustments shall be the sole discretion of the City provided that the City or its designee shall only make such adjustments in order to size the Notes to provide enough funds to effect the project fund, and/or the refunding and to establish a debt service structure that is acceptable to the City. The successful bidder's compensation, as measured as a percentage of the principal amount of the Notes, is anticipated to remain the same after any adjustments to the principal amount of the Notes.

No Term Bond Option. Proposals for the Notes may not contain term bonds.

Call Feature. The Notes are not subject to optional redemption by the City.

Registration. The Notes will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). The City will assume no liability for failure of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Notes. In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, fully registered certificated Notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Notes.

Security and Purpose. The Notes are general obligations of the City. The principal of and interest on the Notes will be payable from ad valorem taxes, which shall be levied without limitation as to rate or amount upon all taxable property located in the territory of the City. The proceeds of the Notes will be used for the public purpose of financing certain projects, refunding certain outstanding obligations of the City, and to pay the cost of issuing the Notes.

Bid Specifications. Bids shall be received on an interest rate basis in an integral multiple of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid, but no interest rate specified for any maturity may be lower than the interest rate specified for any earlier maturity. All Notes of the same maturity shall bear the same interest rate. A rate of interest must be named for each maturity; a zero rate of interest shall not be named; and the premium, if any, must be paid in cash as part of the purchase price. No supplemental interest shall be specified. Each bid shall offer to purchase all of the Notes and shall offer a price (payable in federal or other immediately available funds) which is not less than \$1,820,850 (99.5% of par), nor more than \$1,884,900 (103.0% of par), plus accrued interest to the date of delivery. The City reserves the right, in its discretion, to reject any or all bids, and to waive any informality in any bid.

Good Faith Deposit. A good faith deposit in the amount of Eighteen Thousand Three Hundred Dollars (\$18,300) is only required by the successful bidder for the Notes. The successful bidder for the Notes is required to submit such Good Faith Deposit payable to the order of the City in the form of a wire transfer in federal funds. Instructions for wiring the Good Faith Deposit are as follows:

Amount: \$18,300
Details: Email PFM for details at dellab@pfm.com or bensonj@pfm.com

The successful bidder shall submit the Good Faith Deposit within two hours after verbal award is made. The successful bidder should provide as quickly as it is available, evidence of wire transfer by providing the City the federal funds reference number. If the Good Faith Deposit is not received in the time allotted, the bid of the successful bidder may be rejected and the City may direct the next lowest bidder to submit a Good Faith Deposit and thereafter may award the sale of the Notes to the same. If the successful bidder fails to comply with the Good Faith Deposit requirement as described herein, that bidder is nonetheless obligated to pay to the City the sum of \$18,300 as liquidated damages due to the failure of the successful bidder to timely deposit the Good Faith Deposit.

Submission of a bid to purchase the Notes serves as acknowledgement and acceptance of the terms of the Good Faith Deposit requirement.

The Good Faith Deposit so wired will be retained by the City until the delivery of the Notes, at which time the Good Faith Deposit will be applied against the purchase price of the Notes or the good faith deposit will be retained by the City as partial liquidated damages in the event of the failure of the successful bidder to take up and pay for such Notes in compliance with the terms of the Official Notice of Sale and of its bid. No interest on the good faith deposit will be paid by the City. The balance of the purchase price must be wired in federal funds to the account detailed in the closing memorandum, simultaneously with delivery of the Notes.

Insurance on Notes. In the event the successful bidder obtains a bond insurance policy for all or a portion of the Notes, by or on behalf of it or any other member of its underwriting group, the successful bidder is responsible for making sure that disclosure information is provided about the credit enhancement provider (for example, through a wrapper to the Official Statement). The City will cooperate with the successful bidder in this manner. The costs of obtaining any bond insurance policy and the costs of providing disclosure information about the credit enhancement provider shall be paid by the successful bidder. In addition, the successful bidder will be required, as a condition for delivery of the Notes, to certify that the premium will be less than the present value of the interest expected to be saved as a result of such insurance.

Electronic Bidding. The City assumes no responsibility or liability for electronic bids. If any provisions in this Official Notice of Sale conflict with information provided by Parity®, this Official Notice of Sale shall control. Further information about the electronic bidding service providers, including any fee charged and applicable requirements, may be obtained from:

Parity®/IPREO
1359 Broadway, 2nd Floor
New York, New York 10018
(212) 849-5021 phone

Award. All bids received shall be considered at a meeting of the Common Council to be held on the bidding date and, unless all bids are rejected, the Notes shall be awarded during the Common Council meeting on said date to the best bidder whose proposal shall result in the lowest true interest cost rate to the City. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal

and interest payments as of the date of the Notes, produces an amount equal to the purchase price. If two or more bids provide the same lowest true interest rate, the City shall determine which proposal shall be accepted, and such determination shall be final. A computation by the bidder of such true interest cost rate contained in any bid shall be for information only and shall not constitute a part of the bid. The purchaser shall pay accrued interest from the date of the Notes to the date of delivery and payment of the purchase price.

Delivery. The Notes will be delivered in typewritten form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, securities depository of the Notes for the establishment of book-entry accounts at the direction of the successful bidder, within approximately 45 days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within 45 days after the date of the sale of the Notes, the successful bidder may, prior to tender of the Notes, at its option, be relieved of its obligation under the contract to purchase the Notes and its good faith check shall be returned, but no interest shall be allowed thereon. Delivery of the Notes is currently anticipated to be on or about October 25, 2016.

Legal Opinion. The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. A Continuing Disclosure Certificate will be delivered at closing setting forth the details and terms of the City's undertaking and such Continuing Disclosure Certificate is a condition of closing.

CUSIP Numbers. The City will assume no obligation for the assignment of CUSIP numbers on the Notes or for the correctness of any numbers printed thereon. The City will permit such numbers to be assigned and printed at the expense of the original purchaser, but neither the failure to print such numbers on any Notes nor any error with respect thereto will constitute cause for failure or refusal by the original purchaser to accept delivery of the Notes.

Reoffering Price. Simultaneously with or before delivery of the Notes, the successful bidder shall furnish to the City a certificate, made on the best knowledge, information and belief of the successful bidder, acceptable to Bond Counsel, stating the initial reoffering price to the public of the Notes and further stating that a substantial amount of the Notes was sold to the public or final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering price.

Official Statement. Upon the sale of the Notes, the City will publish an Official Statement in substantially the same form as the Preliminary Official Statement subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. Promptly after the sale date, but in no event later than seven business days after such date, the City will provide the successful bidder with up to 25 copies of the final Official Statement without cost. The successful bidder agrees to supply to the City all necessary pricing information and any underwriter identification necessary to complete the final Official Statement within 24 hours after the award of Notes.

Certification Regarding Official Statement. The City will deliver, at closing, a certificate, executed by appropriate officers of the City acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the City and the Notes are true and correct in all material respects, and that the Official Statement does not contain any untrue

statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Undertaking to Provide Continuing Disclosure. In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the City will covenant to undertake (pursuant to a Resolution to be adopted by the Council of the City), to provide annual reports and timely notice of certain events for the benefit of holders of the Notes. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the City, a form of which is included in the Preliminary Official Statement and in the final Official Statement.

Transcript of Proceedings. A transcript of the proceedings relative to the issuance of the Notes will be furnished to the successful bidder without cost, including a Closing Certificate stating that there is no litigation pending or threatened affecting the validity of or the security for the Notes.

Irregularities. The Common Council reserves the right to reject any and all bids and to waive any and all irregularities.

Information. The Preliminary Official Statement can be viewed on the worldwide web at www.pfm.com or www.i-dealprospectus.com or copies of the Preliminary Official Statement and additional information may be obtained by addressing inquiries to the City's financial advisor, Public Financial Management, Inc., 115 South 84th Street, Suite 315, Milwaukee, Wisconsin 53214, Attention: Brian Della, phone (414) 771-2700, or to the undersigned:

Aaron Kramer - City Administrator
214 East Blackhawk Avenue
Prairie du Chien, WI 53821
(608) 326-6406 – Phone

* * * * *

BID FORM

**City of Prairie du Chien, Crawford County, Wisconsin
\$1,830,000*
General Obligation Promissory Notes, Series 2016**

(Electronic bids are also accepted via Parity® – See Official Notice of Sale)

**City of Prairie du Chien, Wisconsin
c/o Public Financial Management, Inc. (Fax: 414.771.1041)**

Sale Date: October 4, 2016

For all or none of the principal amount of \$1,830,000* General Obligation Promissory Notes, Series 2016, legally issued and as described in the Official Notice of Sale, we will pay the City the purchase price of \$_____ (not less than 99.0% nor more than 102.0%) plus accrued interest, if any, on the total principal amount of the Notes to date of delivery, provided the Notes bear the following interest rates:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2017	\$ 410,000	____%
2018	295,000	____%
2019	260,000	____%
2020	225,000	____%
2021	100,000	____%
2022	100,000	____%
2023	110,000	____%
2024	110,000	____%
2025	110,000	____%
2026	110,000	____%

* Preliminary, subject to change.

The Notes mature on June 1 in the years above, and interest is payable June 1 and December 1 of each year, commencing June 1, 2017. The Notes are not subject to optional redemption by the City.

Bond Insurance Policy at Bidder's Option

Insurance Provider: _____ Policy Premium: \$_____

In making this offer, we accept the terms and conditions as defined in the Official Notice of Sale published in the Preliminary Official Statement dated September 23, 2016. All blank spaces of this offer are intentional and are not to be construed as an omission. Our good faith deposit in the amount of \$18,300 will be wired in federal funds to the City within two hours after verbal award is made according to the Official Notice of Sale.

<p>NOT PART OF THE BID</p> <p>Explanatory Note: According to our computation this bid involves the following:</p> <p>_____</p> <p>Net Interest Cost</p> <p>_____</p> <p>True Interest Rate (TIC)</p>

Respectfully submitted,

Name

The foregoing offer is hereby accepted by and on behalf of the City of Prairie du Chien, Wisconsin, this 4th day of October, 2016.

David Hemmer, Mayor

Barbara Elvert, Clerk/Treasurer