

CITY OF SUN PRAIRIE *Wisconsin*

2019 Popular Annual Financial Report

For the Year Ended December 31, 2019





CITY OF
SUN PRAIRIE
Wisconsin

MISSION STATEMENT

To provide valuable, responsive, and cost-effective services that enable residents to enjoy a high quality of life.

VISION STATEMENT

We want to coordinate the development of a modern community that understands and has pride in its roots to the past. We want to help develop “homes” for the residents that live here, through the creation and maintenance of neighborhoods. Each neighborhood will be equal in importance but separate in its identity. Our school system will play a major factor in the development of the neighborhoods and will serve as the community center.

We want to help create harmony amongst all residents, where race and socio-economic differences play no factor. We want everyone to feel that their personal safety is not at risk, whether they are at home or walking down the street.

INSTRUCTIONS FOR NAVIGATING THE PAFR PDF DOCUMENT

Bookmarks for major sections are provided in the navigation pane on the left. Click on the bookmark to jump directly to that section. If a "+" sign is at the left of a bookmark, click on the "+" to bring up subheadings.

The **Table of Contents** is hyperlinked. To jump to a specific page or subsection from the Table of Contents, hover the pointer finger on the title or page number and click the mouse.

Click the **Page # and Footer** located at the bottom corner of any page to return to the Table of Contents at any time.

DOCUMENT STYLE

Purpose

The content of this publication follows the AP Stylebook. AP style provides consistent guidelines for publications in terms of grammar, spelling, punctuation and language usage.

Some guiding principles behind AP style are:

- Consistency
- Clarity
- Accuracy
- Brevity

AP style also aims to avoid stereotypes and unintentionally offensive language.

Common Style Guidelines

The Associated Press Stylebook provides an A-Z guide to issues such as capitalization, abbreviation, punctuation, spelling, numerals and many other questions of language usage. As it relates to the publication of this document, what follows are summaries of some of the most common style rules.

States and Cities

When the name of a state appears in the body of a text, spell it out. When the name of a city and state are used together, the name of the state should be abbreviated (except for Alaska, Hawaii, Idaho, Iowa, Maine, Ohio, Texas and Utah).

States should also be abbreviated when used as part of a short-form political affiliation. Examples: He was travelling to Nashville, Tenn. The peace accord was signed in Dayton, Ohio. The storm began in Indiana and moved west toward Milwaukee, Wis.

Governmental Bodies

Capitalize references to specific bodies, even without the locality or state name: the Virginia General Assembly, the General Assembly.

Lowercase short forms and generic references: Republicans control the assembly. The council voted to raise parking fines.

Government Buildings

Capitalize Capitol and City Hall when referring to a specific building: the U.S. Capitol, the Capitol, the Virginia Capitol, the state Capitol, Richmond City Hall, City Hall.

Lowercase general references: You can't fight city hall.

Capital, Capitol

The city where a seat of government is located is the "capital." Do not capitalize. Do not capitalize "U.S. Capitol" and "the Capitol" when referring to the building in Washington, D.C., or in a state capital: "The Texas Capitol is in the state's capital city, Austin."

Cities

Spell out names of cities unless in direct quotes. Do not capitalize the word "city" when it is not used as a proper noun (city government, the city of Chicago, but "the City gave out several citizens' awards").

Source: [Purdue Online Writing Lab](#)

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MESSAGE FROM THE ADMINISTRATOR:

To our Sun Prairie Residents,

Thank you for your interest in the city's finances.

The report you are reading is the Popular Annual Financial Report (PAFR) for the 2019 fiscal year. The PAFR summarizes the city's financial information and operations in a concise and easily understood format; providing interested residents with information on the current state of the city.

Every year, the city provides a significant amount of financial detail in its Comprehensive Annual Financial Report (CAFR). For those without an accounting background, the CAFR can be daunting. In a continuing effort to provide greater transparency for residents and others, the city strives to provide pertinent information in a clear, understandable, and meaningful way.

Financial information in this report is derived from the independently audited financial statements that are part of the City of Sun Prairie's 2019 CAFR. This report is not intended to be comprehensive, but rather to provide an easier to understand picture of the city's financial condition.

Sun Prairie is a full service community and provides a foundation for healthy, happy lives for its residents by offering a broad array of social, cultural, community, and recreational opportunities. Sun Prairie offers over 41 parks, an aquatic center, a strong school system and more.

During 2019, Sun Prairie welcomed as many as 1,000 new people to our community, the Sun Prairie school district's referendum was approved so there will be a second high school in a couple of years, and there have been several new businesses opened in the past year.

Sun Prairie remains an attractive place to live, work or start a business. Documents such as this report demonstrate that the city is able to meet the increased service needs of the community as we continue to experience growth.

We know that ensuring our community is a welcoming place where everyone belongs and can thrive is a never-ending commitment.

Because local government is uniquely poised to help dismantle the institutional and systemic impacts of racism and oppression, the City of Sun Prairie seeks to proactively address barriers that perpetuate inequity.

Sun Prairie is committed to advancing equity, honoring our diverse identity, and creating an inclusive culture. These serve as our guiding principles every day in all that we do.

We have an opportunity — as individuals and as a community — to decide who we want to be and how we want to show up for one another. Keep us accountable to this mission and join us in this commitment to a thriving Sun Prairie, as you live, work, and play. Learn more about how we're doing this at: <https://cityofsunprairie.com/civicsunprairie>.

Sincerely,



Aaron Oppenheimer
City Administrator



MAYOR AND CITY COUNCIL



Paul T. Esser
Mayor



Emily Lindsey
Aldermanic District 1



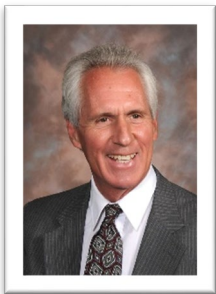
Bill Conners
Aldermanic District 2



Maureen Crombie
Aldermanic District 3



Al Guyant
Aldermanic District 4



Steve Stocker
Aldermanic District 1



Theresa Stevens
Aldermanic District 2



Michael Jacobs
Aldermanic District 3



Mary Polenske
Aldermanic District 4

AWARDS AND RECOGNITION

Popular Annual Financial Report

The City of Sun Prairie strives to provide useful financial information to our citizens. The Popular Annual Financial Report (PAFR) is designed to provide financial transparency to citizens without the technical details or terms of the Comprehensive Annual Financial Report (CAFR). The PAFR strives to communicate with our citizens where city dollars come from and how they are spent, in a clear and concise format.

The financial information found in this report relates to the city's major funds and is extracted directly from the City's CAFR. Containing detailed information regarding the city's financial performance, the CAFR is a report prepared in accordance with generally accepted accounting principles (GAAP). A copy of the city's annual CAFR is available on the city's website at www.cityofsunprairie.com on the Finance Department's page under Financial Statements.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City Sun Prairie
Wisconsin**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrell

Executive Director/CEO

Finance and Budget Awards

Sun Prairie's PAFR has won the Government Finance Officers Association of the United States and Canada (GFOA) award for three consecutive years. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another award.

CITY OF SUN PRAIRIE, WISCONSIN

SUN PRAIRIE, WI

POPULATION

34,840

2.6% GROWTH

MEDIAN AGE

34

MEDIAN HOUSEHOLD INCOME

\$36,998

UNEMPLOYMENT RATE

2.50%

NUMBER OF BUSINESSES

718

MEDIAN HOME VALUE

\$260,000

0.8% GROWTH

GROWING COMMUNITY

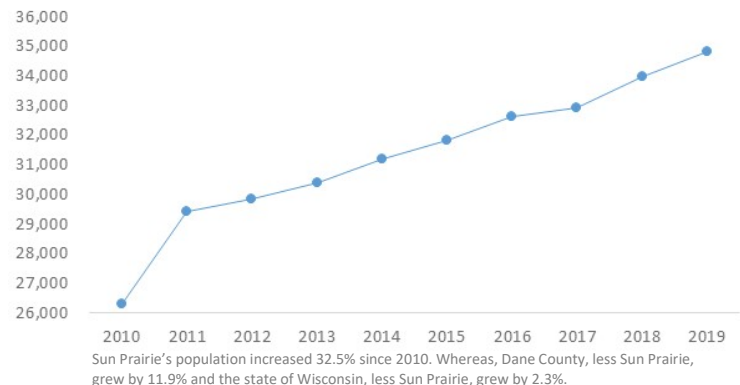
Sun Prairie is a vibrant and thriving community; known in the region for its high quality of life, its excellent parks and recreation programs, historic downtown, its exceptional public school system, and progressive approach to the development and redevelopment of the community.

As the City continues to grow, the need and demand for city services will also increase. Documents such as this report are important tools to communicate the state of the City's finances with the public. It demonstrates the City is responsibly managing public funds to ensure it can continue to provide a high level of service to the community.

Over the last ten years, Sun Prairie's population¹ has increased 32.5 percent, which translates to a 2.9 percent Compound Annual Growth Rate (CAGR). As a percentage of the state of Wisconsin population, Sun Prairie is one of the fastest-growing municipalities in the State. This is also reflected in the fact that the Sun Prairie Area School District is the fastest growing school district in Wisconsin.

City of Sun Prairie, Population

Source: Wisconsin Department of Administration Population Estimates.



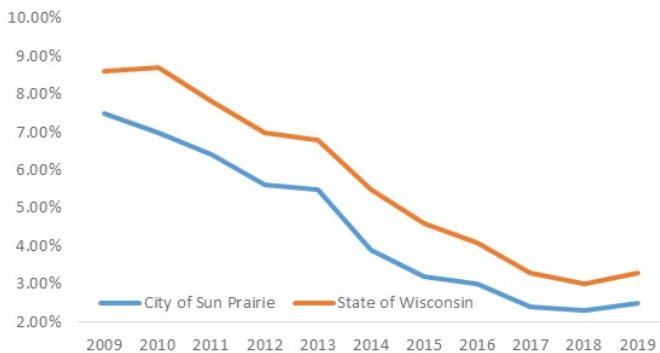
ECONOMY

Sun Prairie also benefits from a strong and diverse local economy.

The City's 2019-unemployment rate¹ of 2.5 percent, was significantly lower than the State of Wisconsin as a whole (3.3 percent).

Unemployment Rate

Source: Wisconsin Department of Workforce Development



Employers within the City represent a variety of different industries with positions of varying skills and education levels. Some of the industries include advanced manufacturing, finance and insurance, agricultural technology, retail, customized product design, printing, publishing and graphics, warehousing and distribution, and others.

Sun Prairie's Top Ten Employers² account for nearly twenty-five percent of total city employment.

Top Ten Employers

Employer	Employees
Sun Prairie School District	1,501
City of Sun Prairie	677
Colony Brands	505
QBE Insurance	450
Prairie Athletic Club	330
Wisconsin Distributors	310
Royle Printing	274
Target	274
Continental ContiTech	264
Frontier	250

Source: City Economic Development Division

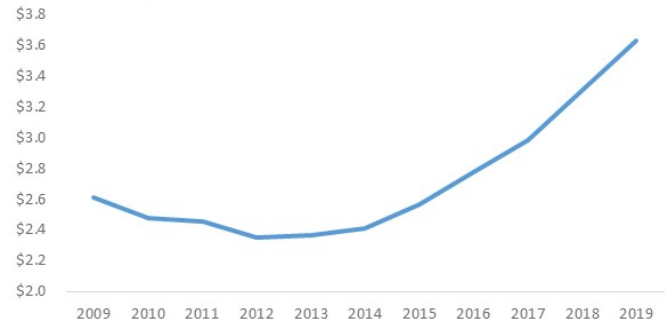
Over the last ten years, the City has seen significant increases in its equalized value³. Equalized value increased by 9.8 percent in 2019. This is the seventh year in a row that the City's tax base has increased.

In 2019, the City had net new construction⁴ growth of 5.22 percent or \$172.8 million.

City of Sun Prairie: Equalized Value

(\$ in billions)

Source: Wisconsin Department of Revenue



Additionally, personal income within the city of Sun Prairie continues to grow. Per capita personal income¹ has risen over \$6,100 since 2010 to \$37,000. This continues to exceed the per capita personal income of the state of Wisconsin as a whole (\$33,000).

GOVERNMENT AND ORGANIZATION

The City operates under a Mayor – Council form of government. The Mayor is elected for two years and eight council members representing four districts are elected for staggered two-year terms. The City Council appoints the City Administrator to carry out council policies and administer City operations. The City Council appoints city department heads as specified in city ordinances.

¹ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 15 – Demographics and Economic Statistics. Pg. 138.

² City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 16 – Principal Employers. Pg. 139.

³ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 12 – Computation of Legal Debt Margin. Pg. 135.

⁴ State of Wisconsin, Department of Revenue. Report: Net New Construction 2019. Retrieved from <https://www.revenue.wi.gov/SLFReportsassessor/nnc-2019f.pdf>

COMMUNITY PROFILE

DANE COUNTY, WISCONSIN

Located in Dane County, Sun Prairie is part of the **Madison, Wis. Metropolitan Statistical Area** (MSA), the political center of the state and second largest economic and populous MSA in Wisconsin.

Dane County was formed in 1836 as a territorial county and organized in 1839. It was named after Nathan Dane, a Massachusetts delegate to the Congress of the Confederation who helped carve Wisconsin out of the Northwest Territory. Dane County was settled in the 1840s by settlers from New England.

GOVERNMENT

Dane County is governed by a county executive and a County Board of Supervisors. The county executive is elected in a countywide vote. The Board of Supervisors consists of 37 members, each elected from single member districts. As the policy-making body of the county government, the Board of Supervisors enacts county ordinances, levies taxes, and appropriates money for services.

POLITICS

Dane County has supported the Democratic nominee for president all but five times since 1912, and in every election since 1960. Dane County was one of the few counties in the United States to elect a member of the Green Party into county-level office; that official was Leland Pan.

EDUCATION

Dane County's school districts approved significant increases in their 2019-2020 levies. Statewide, total school district levies rose 4.5%, the largest annual increase in a decade, according to the nonpartisan Wisconsin Policy Forum⁵. Four districts in Dane County had double-digit levy increases: Deforest at 24%, Sun Prairie at 16.5%, and Middleton-Cross Plains and Waunakee at 11%. Four more — Belleville, Madison, Monona Grove and Verona — had increases between 6% and 10%. Madison, by far the largest district in the county, increased its levy by 7.2%, or \$22.1 million, to \$330.1 million⁶.

⁵ Vetterkind, R. (2019, December 18). *Property taxes for schools up by highest rate in a decade*. Retrieved from <https://madison.com>

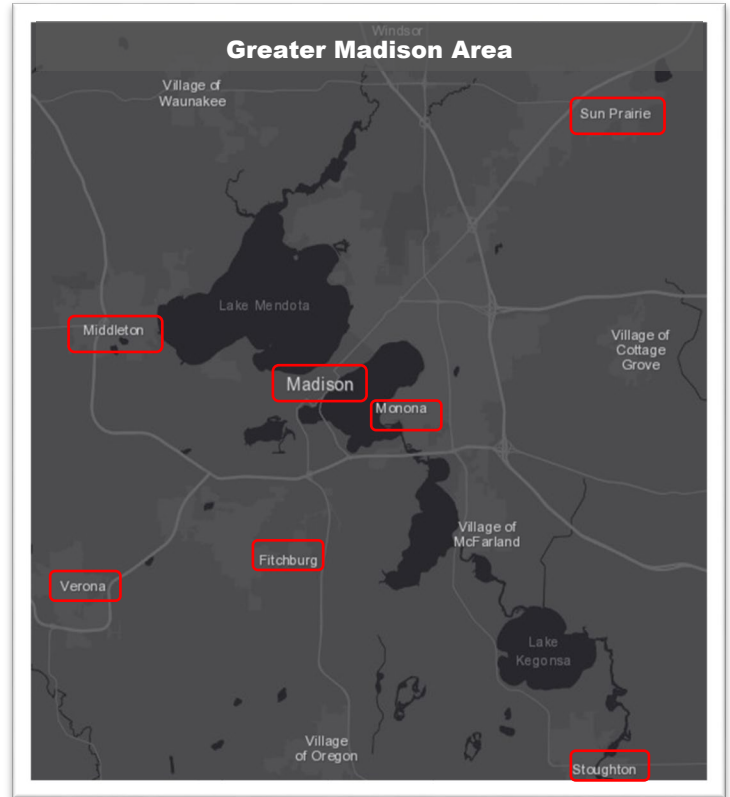
⁶ Mosiman, D. (2019, December 28). *School levies drive higher tax bills in many Dane County municipalities*. Retrieved from <https://madison.com>

COMMUNITY COMPARISONS

Popularly referred to as the **Greater Madison Area (GMA)**, this area includes several adjacent communities with distinct municipal jurisdictions. The following section provides a perspective on the relative populations of the largest cities in the GMA.

This information was obtained from city Budget Offices, as well as printed and online budget documents.

2019 Population		Square Miles	
Madison	255,307	Madison	78.95
Sun Prairie	34,840	Fitchburg	34.92
Fitchburg	28,849	Sun Prairie	12.23
Middleton	20,856	Middleton	8.92
Stoughton	12,856	Verona	6.30
Verona	12,619	Stoughton	4.92
Monona	7,754	Monona	3.26



Property Tax Rate per \$1,000 assessed value		City Rate		% of Property Tax
Sun Prairie	\$ 24.9258	Madison	\$ 8.9033	39.5%
Verona	\$ 23.7910	Stoughton	\$ 8.1920	38.4%
Fitchburg	\$ 23.2462	Fitchburg	\$ 7.9608	34.2%
Madison	\$ 22.5562	Sun Prairie	\$ 8.0860	32.4%
Monona	\$ 21.7295	Middleton	\$ 6.0999	31.3%
Stoughton	\$ 21.3573	Monona	\$ 6.5257	30.0%
Middleton	\$ 19.4819	Verona	\$ 5.7957	24.4%

SUN PRAIRIE: BY THE NUMBERS^{7, 8}

PARKS & REC

18,840

Swimmers

-16.0% Annual Decrease

PUBLIC WORKS

2,815

TONS of Recycling

3.2% Annual Increase

FIRE

1,970

Emergency Calls

2.8% Annual Increase

LIBRARY

225,660

Visitors to the Library

-3.1% Annual Decrease

7,677

TONS of Refuse

4.8% Annual Increase

EMS

3,165

Emergency Calls

11.5% Annual Increase

684,407

Circulation

7.7% Annual Increase

TREATMENT PLANT

1.5 BILLION

gallons of Wastewater

7.0% Annual Increase

6.5

Minutes to Arrive
at Scene

Dogs of Sun Prairie

2,711

Dog Licenses

Top 5 Breeds

Labradors:	508
Golden Retrievers:	119
German Shepherds:	110
Golden Doodles:	88
Beagles:	81
Top 5 Breeds:	906
% of Licensed Dogs:	33.4%

Top 5 Dog Names

Charlie (31), Bella (30), Max (29),
Lucy (27), and Buddy (23)

⁷ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 18 – Operating Indicators by Function/Program. Pg. 141.

⁸ Dogs of Sun Prairie. MUNIS. Animal Licenses.

Fiscal Sustainability:

Keeping Sun Prairie's House in Order

How do we know Sun Prairie's finances are in good shape? The city is financially healthy because it delivers the services its residents expect with the resources its residents provide. What are the most meaningful financial performance measurements for municipal government? Below are some of the tools the city of Sun Prairie uses to gauge our financial results.

Fund Balance – There is no single number in governmental accounting and financial reporting that attracts more attention than the fund balance. Maintenance of an adequate fund balance is important because it provides a financial “safety net” in the event of emergencies, economic downturns, or other unforeseen circumstances. If there is one thing history can teach us, it is to expect the unexpected. Cities prepare for the unexpected by having savings in the form of fund balance. Fund balance maintenance is also a major factor considered by bond rating agencies when evaluating the city's creditworthiness.

Debt – Most people don't pay cash for major investments like a home, but instead responsibly use debt to spread the cost of larger purchases over time. Like a household with finances in good shape, the city's debt is moderate. The city's outstanding General Obligation debt is well under the State of Wisconsin's statutory limits.

Credit Ratings – Similar to a personal credit score, a municipal credit rating provides information about our ability to pay back debt. External credit ratings are very important and have a direct influence on the city's ability to borrow at a lower interest rate and successfully borrow money to complete the acquisition and construction of capital assets.

Budget – Wisconsin State Statutes require that the city adopt a balanced budget each year. The budget provides the guidance to the city to make sure spending is in-line with revenue. Historically, the city's performance versus budget has been sound and often better than projection. As Benjamin Franklin once said, “The way to wealth is as plain as the way to market. It depends chiefly on two words, industry and frugality: that is, waste neither time nor money, but make the best use of both. Without industry and frugality nothing will do, and with them everything.”

Financial Planning – Sun Prairie has a track record of converting strategic decisions into constructive action and managing its long-term needs in a methodical manner. The city uses historical budget analysis, revenue projections, long range growth models, and the Capital Improvement Plan to determine future needs, timing, and acquisition of assets. Understanding long-term needs and obligations is paramount to planning for their impacts. Whether accounting for retirement funding, healthcare, or building maintenance, it is important to plan today for tomorrow's needs.

Fund Definitions:

- **General Fund:** The primary fund for general government. This fund includes administration, finance, clerk, public safety, public works, human resources, information technology, assessing, parks and recreation, planning, and economic development.
- **Debt Service Fund:** The fund used to account for long-term debt payments. Debt is used to finance capital projects that cannot be funded with cash reserves.
- **Capital Projects Fund:** The fund used to account for capital acquisitions and projects. This includes land, equipment, and infrastructure with costs greater than \$25,000 and a useful life of 10 years or more.
- **Enterprise Funds:** Service fee revenues and all expenses paid for with the fees are accounted for in an enterprise fund. These funds operate similar to a private business. The city's enterprise funds include the wastewater utility, the stormwater utility, and Sun Prairie Utilities

Fund Analysis

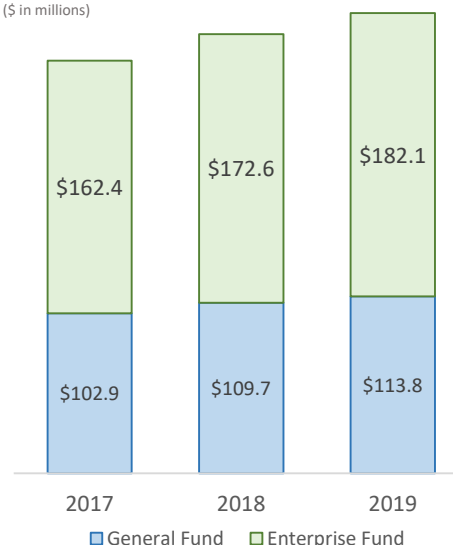
OF THE CITY AS A WHOLE

Statement of Net Position

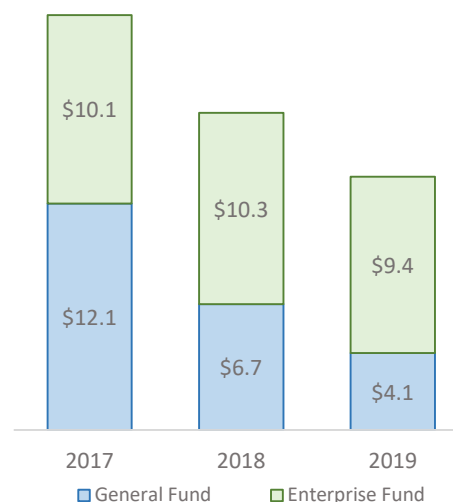
The City's General and Enterprise Fund net position⁹ increased by \$13.6 million or 4.8 percent during the current fiscal year due to an increase in investments in capital assets such as land, buildings, building improvements, machinery and equipment, infrastructure. The primary increase is due to development and contribution of assets from developers. City investments were funded with general obligation notes.

The net investment in capital assets⁹ accounts for 82.0 percent of the city's total net position. This represents both the city's investment in capital assets less any related debt used to acquire those assets. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the city's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Net Position
(\$ in millions)



Change in Net Position
(\$ in millions)



Definition:

Net position represents the difference between assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources

⁹ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 1 – Net Position by Component. Pg. 122.

Governmental Activities

General Fund

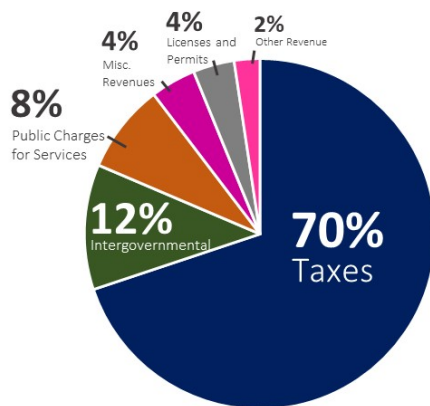
The General Fund is the city's primary operating fund, and accounts for the revenue and expenditures associated with operating traditional local governmental services such as police, fire, and parks and recreation.

Revenues

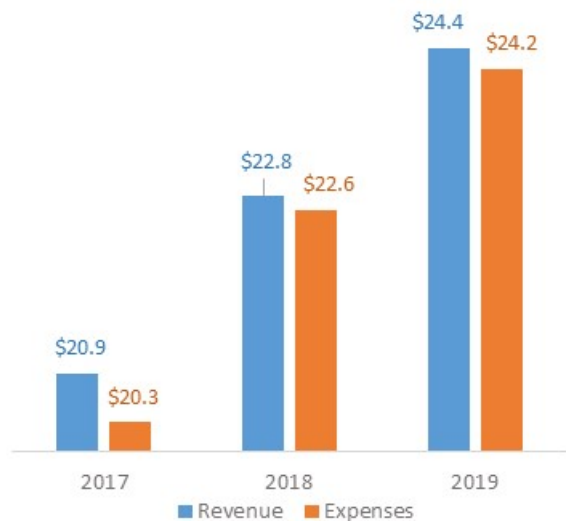
In 2019, the city's General Fund received \$24.4 million in revenues¹⁰, representing 59.1 percent of total Governmental Funds revenues. This was an increase of \$1.6 million from the prior year. Property taxes, permit revenues, and investment income were the primary drivers of the increase.

The city is highly dependent upon property taxes for funding as they remain the largest source revenues representing 70.0 percent of total revenue. Intergovernmental revenues and other operating and capital grants comprise 11.5 percent, while public service charges account for 8.2 percent of total general fund activity resources.

General Fund Revenues
Year Ending December 31, 2019



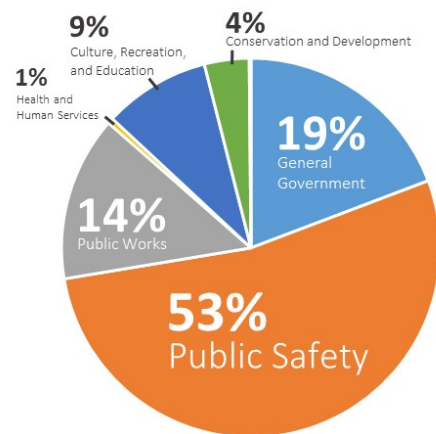
General Fund Activities
(\$ in millions)



Expenses

Total General Fund expenditures¹⁰ were \$24.3 million in 2019. Public safety (including police, emergency medical services, building inspection, and fire services) accounts for the largest share of city expenses at 53.1 percent. This is followed by general government 19.2 percent, public works with 14.1 percent, culture, recreation and education with 9.1 percent, and conservation and development at 3.8 percent.

General Fund Expenditures
Year Ending December 31, 2019



Definitions:

Intergovernmental revenue are funds received from another government, either in the form of a grant or as reimbursement.

Charges for Services include items such as ambulance fees, recreational fees, program fees, dog park fees, special events, and other City services.

¹⁰ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. Pg. 8.

NOTE: Revenue and Expenditures reflected on this page include only General Fund sources and exclude Debt Service Fund, Capital Projects Fund, and Nonmajor Government Funds. As a percentage of total Government Funds, General Fund Revenues and Expenditures represent 59.1% and 36.4%, respectively.

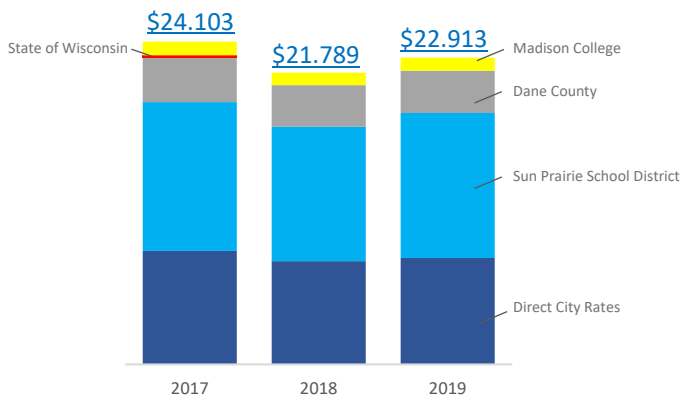
Property Taxes

Mill Rate

The 2018/19 mill rate¹¹ was \$22.91 per \$1,000 of assessed value. This rate is a combination of multiple taxing jurisdictions including Dane County (\$3.16), Sun Prairie Area School District- SPASD (\$10.84), Madison Area Technical College-MATC (\$0.97), and the City of Sun Prairie (\$7.95).

Three-Year Property Tax Rate Comparison

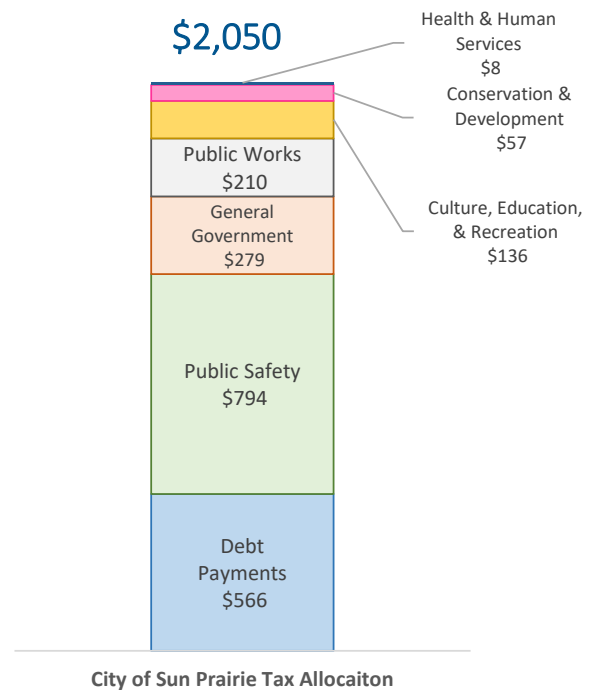
(Per \$1,000 assessed value)



The average home¹² was assessed at \$258,000 and paid \$5,912 in taxes, of this the city's portion was \$2,050, or \$0.35 per property tax dollar.

How the City's Portion is Spent:

The city's \$2,050 portion on the average household property tax payment covers the following Public Services and Debt Payment:



Definition:

The **mill rate** is the amount of tax payable per dollar of the assessed value of a property. The mill rate is based on "mills." It is a figure that represents the amount per \$1,000 of the assessed value of the property, which is used to calculate the amount of property tax

¹¹ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 6 – Direct and Overlapping Property Tax Rates. Pg. 129.

¹² City of Sun Prairie, Assessing Department.

Business-Type Activities

Enterprise Fund

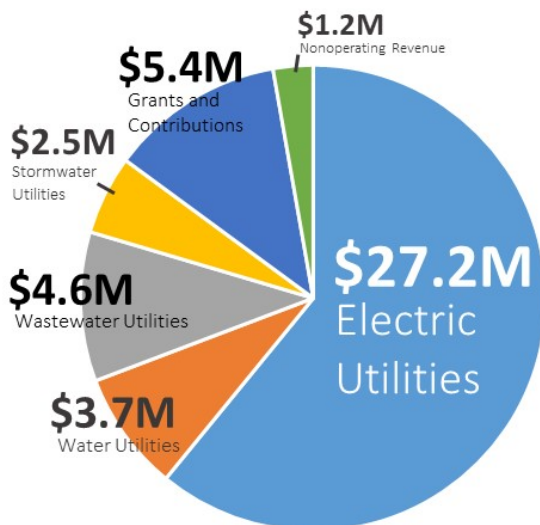
Business-type activities include the city's water, wastewater, and stormwater utilities. The \$9.4 million increase in net position¹³ for the enterprise fund is due to development in the city during 2019 and the resulting contributed assets as an outcome of that development. Modest fee increases also contributed to the increase in net position.

Revenues

In 2019, revenue for business-type activities¹⁴ totaled \$44.6 million, including \$1.7 million of non-operational investment income. Charges for services were the largest revenue source for these operations, representing 85.1 percent of business-type activity revenues. Capital grants and contributions accounted for 12.0 percent of revenues with other general revenues representing 3.0 percent.

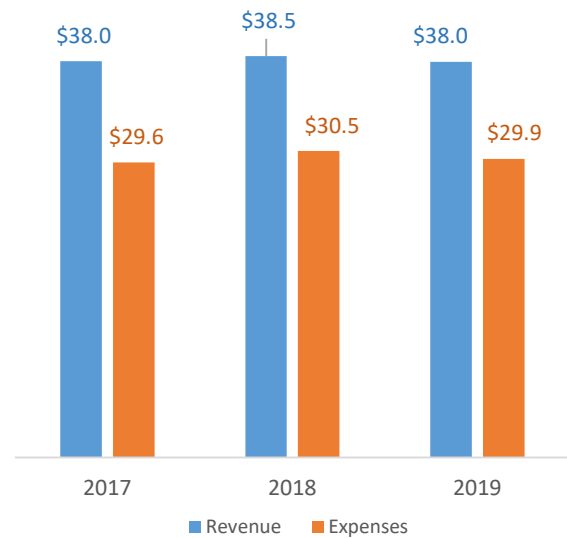
Business-Type Revenues

Year Ending December 31, 2019



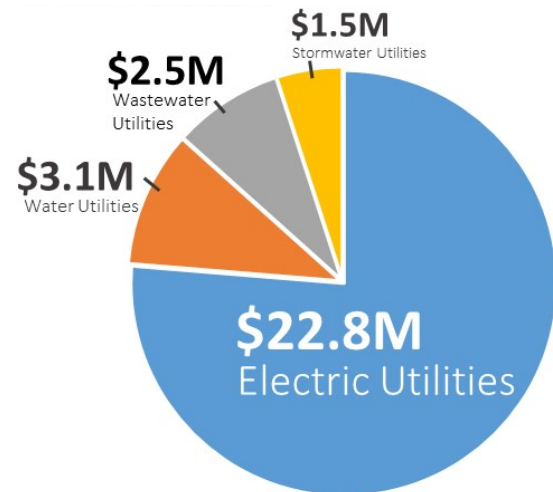
Business-Type Activities

(\$ in millions)



Business-Type Expenditures

Year Ending December 31, 2019



¹³ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 1 – Net Position by Component. Pg. 122.

¹⁴ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 2 – Changes in Net Position. Pg. 123.

Treasury Administration

Debt Management

Sun Prairie's debt policy, which was approved in December 2016, provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale, and structural features that may be incorporated. One benefit of issuing debt to pay for large projects is to allocate the payment of the project to those that benefit from the project. The debt payments will be made by current and future residents, through property taxes, and user fees.

Outstanding Debt

At year end the city had \$111.0 million in outstanding debt¹⁵ compared to \$94.9 million in the prior fiscal year, an increase of \$16.1 million (117.0 percent). The city's outstanding debt by function is displayed in the table below.

Outstanding Debt by Function Year Ended December 31, 2019 (Amounts in Millions)	
General Government GO Bonds/Notes ¹	\$ 64.3
Sun Prairie Utilities GO Bonds/Notes ¹	\$ 29.1
Capital Leases ¹	\$ 5.8
Wastewater Bond	\$ 5.8
Sun Prairie Utility Revenue Bonds	\$ 5.9
Total Outstanding Debt	\$ 111.0

¹ Net of Premiums on long-term debt

Sun Prairie's 2019 total general obligation debt per capita¹⁵ is \$3,186, which is approximately 8.61 percent of personal income for our residents.

Credit Ratings

The city maintains an "Aa2" rating, defined as high quality and very low credit risk, from Moody's Investors Service for general obligation debt. In short, Sun Prairie has sound financial operations and healthy reserve levels to manage current debt payments.

Financial Stability

Wisconsin State Statutes limit general obligation outstanding debt to five percent of a local government's equalized valuation for property tax purposes. As displayed in the table on this page, the city's general obligation debt¹⁶ that applies to the debt limit is \$92.5 million, which is 2.55 percent of equalized valuation, and is significantly less than the current calculated statutory debt limit of \$181.7 million.

Net General Obligation Debt Ratio			
At Dec 31	GO Debt	Equalized Valuation	Debt Ratio
2019	\$92,501,670	\$3,634,094,300	2.55%
2018	\$74,540,744	\$3,310,111,700	2.25%
2017	\$60,003,576	\$2,984,707,700	2.01%
2016	\$54,573,396	\$2,772,245,800	1.97%
2015	\$44,147,390	\$2,566,183,900	1.72%
2014	\$46,485,087	\$2,413,488,900	1.93%

Definitions:

General Obligation Bonds and Notes (GOs): The city may borrow money from lenders, pledging the full faith and credit of the city to pay the loan through tax revenue. The method requires approval by the City Council.

Bonds & Notes: A debt obligation, or a written promise to pay back an amount plus interest by way of periodic payments within a specified period of time. The issuance of all city bonds is made in accordance with the provisions of WI General Statutes and with the approval of the Local Government Commission (LGC). Bonds mature in 20 years, whereas notes mature in 10 years.

¹⁵ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 9 – Ratios of Outstanding Debt by Type. Pg. 132.

¹⁶ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Schedule 10 – Ratios of Outstanding Debt to Equalized Value. Pg. 133.

Treasury Administration

Long-Term Financial Planning

The city actively monitors and manages its debt capacity. Evaluating the impact of new bond programs on future tax rates is an important element of debt management. A capital funding plan is presented to the City Council and is an essential management tool that helps provide a comprehensive assessment of the city's ability to issue debt for its capital needs.

Sun Prairie continues with its forward-looking capital budget, presenting a long-term Capital Improvement Program (CIP) to Council. This program is developed for a five year period and is updated and revised annually. To be included in the CIP, a project requires a total expenditure of at least \$25,000 and to last 10 years or more.

The CIP provides information to clearly identify any deficit faced at the beginning of the budget development process. This is a crucial component of planning for the future. This plan projects the financial impact of achieving the objectives of the city and helps to identify resources needed to fund those objectives.

The capital improvement budget for 2019 includes \$42.0 million to complete existing projects and for new projects, including the Water Pollution Control Facility expansion, street reconstruction, park improvements, building improvements and stormwater improvements. Funding for general government projects is provided through general obligation notes (GOs), grants, and impact fees.

Fund Balance

The city's Fund Balance Policy is to maintain an unassigned fund balance in the General Fund of 16.0 to 20.0 percent of the prior year general fund revenue budget. For the fiscal year ended December 31, 2019, the city's unassigned fund balance¹⁷ was \$3.9 million, 17.8 percent of the prior year's revenue budget. The primary reductions in the unassigned fund balance are continued advances to several tax increment financing (TIF) districts. These districts are anticipated to repay the general fund in whole in future years.

General Fund Balances	
Year Ended December 31, 2019	FY 2019
Non-Spendable:	\$ 3,776,543
Restricted:	\$ 663,665
Assigned:	\$ 3,775,937
Unassigned:	\$ 3,933,818
Total General Fund:	\$ 12,149,963

Having adequate fund balances provides flexibility to a municipality to address shortfalls and unexpected costs. Fund Balance is broken down into five categories:

- **Non-spendable:** Amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be intact.
- **Restricted:** Amounts that are restricted by constraints imposed on the use of resources either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Amounts that can only be used for specific purposes pursuant to constraints imposed by the Common Council.
- **Assigned:** Amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed.
- **Unassigned:** Amounts that are in a spendable form and are not restricted, committed, or assigned to a specific purpose.

¹⁷ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Balance Sheet – Governmental Funds. Pg. 5.

Capital Assets

Capital Assets

At the end of 2019, the City of Sun Prairie had investments in capital assets¹⁸ of \$325.5 million for all governmental and business-type activities. This represents an increase of 7.5 percent from the end of 2018.

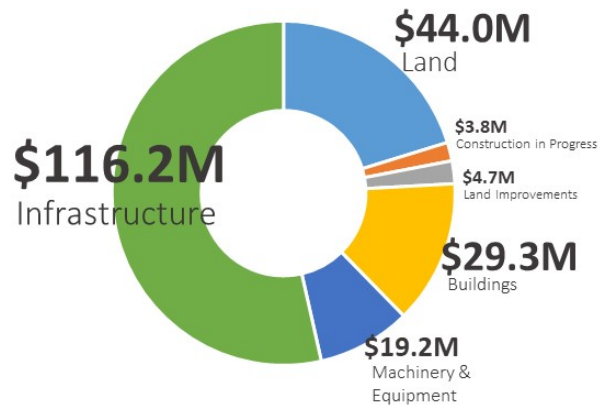
Major capital asset improvements¹⁹ within the city's **governmental activities** included \$8.6 million for street additions and reconstruction. This includes new streets dedicated to the city from developers and the reconstruction of existing streets. \$2.0 million for the addition and reconstruction of bike paths and sidewalks. The city purchased \$760,000 in machinery and equipment assets for fleet purposes. The purchases were typical fleet purchases of pickup trucks, squad cars and mowers. Additionally, the city purchased a new ambulance.

In the city's **business-type activities**, major capital additions (prior to depreciation) include \$2.2 million for electric distribution plant, \$4.2 million for water infrastructure, \$2.2 million for wastewater infrastructure, and \$4.3 million for the storm water infrastructure¹⁹. These additions include dedications in new developments. The following table provides a summary of the city's changes in capital assets:

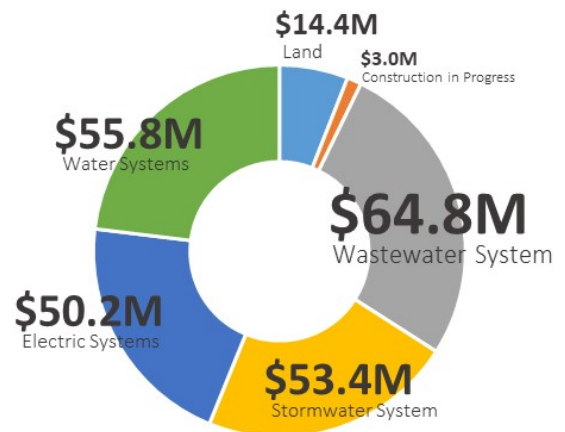
Definition:

Capital assets are assets that have an expected life of more than one year and are not bought and sold in a usual course of business. For the city, this includes land, equipment, and infrastructure with costs greater than \$5,000.

Governmental Activities: Capital Assets
Year Ending December 31, 2019



Business-Type Activities: Capital Assets
Year Ending December 31, 2019



¹⁸ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Statement of Net Position. Pg. 1.

¹⁹ City of Sun Prairie, Wisconsin. 2019 Comprehensive Annual Financial Report. Notes to Financial Statements, Part D. Capital Assets. Pgs. 39 and 42.



This City of Sun Prairie Popular Annual Financial Report is a publication of the:

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For information about the City Finance Department, visit

<https://www.cityofsunprairie.com/313/Finance> or call (608) 837-2511

The city's website (www.cityofsunprairie.com) provides information about city services, community events, construction alerts, and much more.



A cow sculpture painted in the style of Georgia O'Keeffe greets visitors outside of the Sun Prairie Historical Library & Museum.



Angell Park Speedway has been a staple of the racing community since the 1930s!

