

**CITY OF WEYAUWEGA  
WEYAUWEGA, WISCONSIN**

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2015**

**CITY OF WEYAUWEGA, WISCONSIN  
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## INDEPENDENT AUDITORS' REPORT

Members of the City Council  
City of Weyauwega  
Weyauwega, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weyauwega, Wisconsin (the 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Weyauwega, 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 a Matter**

#### *Change in Accounting Principle*

During fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these statements, the City reported a restatement for the change in accounting principle (see Note 4.B). Our auditors' opinion was 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 41 through 44 and WRS pension plan schedules on pages 45 through 46 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.

The City of Weyauwega, Wisconsin has not presented 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 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 of Weyauwega, Wisconsin's basic financial statements. The combining nonmajor fund financial statements on pages 48 and 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

***Other Matters (Continued)***

*Other Information (Continued)*

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Stevens Point, Wisconsin  
August 16, 2016

**CITY OF WEYAUWEGA, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,136,812	\$ 1,014,645	\$ 3,151,457
Restricted Cash and Cash Equivalents	1,791,656	4,650,981	6,442,637
Temporary Investments	76,896	533,470	610,366
Assets Held for Resale	25,185	-	25,185
Receivables	1,413,612	169,731	1,583,343
Inventories	-	69,478	69,478
Internal Balances	(1,409,127)	1,409,127	-
Pension Plan Asset	83,747	31,844	115,591
Capital Assets Not Being Depreciated	1,697,437	3,555,061	5,252,498
Capital Assets Being Depreciated, Net of Accumulated Depreciation:			
Buildings and Improvements	478,964	674,459	1,153,423
Machinery and Equipment	267,997	1,812,296	2,080,293
Infrastructure	1,984,616	3,103,914	5,088,530
Total Assets	<u>8,547,795</u>	<u>17,025,006</u>	<u>25,572,801</u>
<b>DEFERRED OUTFLOWS</b>			
Loss on Refunding	-	122,258	122,258
Wisconsin Retirement System Pension Related	88,822	33,684	122,506
Total Deferred Outflows	<u>88,822</u>	<u>155,942</u>	<u>244,764</u>
<b>LIABILITIES</b>			
Accounts Payable	439,343	857,774	1,297,117
Accrued Expenses	79,455	30,921	110,376
Payable from Restricted Assets:			
Current Maturities of Long-Term Debt	-	272,449	272,449
Accrued Interest	30,990	110,414	141,404
Noncurrent Liabilities:			
Due within One Year	3,237,658	-	3,237,658
Due in More than One Year	386,965	9,232,012	9,618,977
Total Liabilities	<u>4,174,411</u>	<u>10,503,570</u>	<u>14,677,981</u>
<b>DEFERRED INFLOWS</b>			
Succeeding Year Property Taxes	858,865	-	858,865
Wisconsin Retirement System Pension Related	2,844	1,082	3,926
Total Deferred Inflows	<u>861,709</u>	<u>1,082</u>	<u>862,791</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,430,179	2,643,621	4,923,282
Restricted	386,560	992,348	1,378,908
Unrestricted	783,758	3,040,327	3,974,603
Total Net Position	<u>\$ 3,600,497</u>	<u>\$ 6,676,296</u>	<u>\$ 10,276,793</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 422,457	\$ 7,034	\$ 2,319	\$ 45,000	\$ (368,104)	\$ -	\$ (368,104)
Public Safety	509,593	39,729	1,120	-	(468,744)	-	(468,744)
Health and Social Services	1,727	-	-	-	(1,727)	-	(1,727)
Public Works	480,332	105,110	76,638	-	(298,584)	-	(298,584)
Culture and Recreation	298,593	27,997	57,055	-	(213,541)	-	(213,541)
Conservation and Development	95,592	-	300	-	(95,292)	-	(95,292)
Interest on Long-Term Debt	82,729	-	-	-	(82,729)	-	(82,729)
Total Governmental Activities	1,891,023	179,870	137,432	45,000	(1,528,721)	-	(1,528,721)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer Utility	872,146	839,371	146,008	-	-	113,233	113,233
Water Utility	449,494	422,266	26,396	-	-	(832)	(832)
Total Business-Type Activities	1,321,640	1,261,637	172,404	-	-	112,401	112,401
Total Primary Government	<u>\$ 3,212,663</u>	<u>\$ 1,441,507</u>	<u>\$ 309,836</u>	<u>\$ 45,000</u>	(1,528,721)	112,401	(1,416,320)
<b>GENERAL REVENUES</b>							
Property Taxes					900,760	-	900,760
Mobile Home Taxes					8,656	-	8,656
Franchise Fees					11,878	-	11,878
State Shared Revenues					547,821	-	547,821
Interest and Investment Income					4,104	10,649	14,753
Other Revenues					79,765	-	79,765
Total General Revenues					<u>1,552,984</u>	<u>10,649</u>	<u>1,563,633</u>
<b>CHANGE IN NET POSITION</b>							
					24,263	123,050	147,313
Net Position - Beginning of Year (As Previously Stated)					3,411,995	6,490,794	9,902,789
Change in Accounting Principal					164,239	62,452	226,691
Net Position - Beginning of Year (Restated)					<u>3,576,234</u>	<u>6,553,246</u>	<u>10,129,480</u>
<b>NET POSITION - END OF YEAR</b>							
					<u>\$ 3,600,497</u>	<u>\$ 6,676,296</u>	<u>\$ 10,276,793</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

	General	Capital Projects		Other Nonmajor Funds	Total
		General	TIF #4		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 524,376	\$ 1,108,661	\$ 439,965	\$ 63,810	\$ 2,136,812
Restricted Cash and Cash Equivalents	-	1,791,656	-	-	1,791,656
Temporary Investments	76,896	-	-	-	76,896
Taxes Receivable	575,222	-	102,826	177,933	855,981
Accounts Receivable	50,156	-	-	-	50,156
Special Assessments Receivable	233,882	-	-	-	233,882
Notes Receivable	-	-	-	273,593	273,593
Assets Held for Resale	-	25,185	-	-	25,185
Advance to Other Funds	303,947	-	-	-	303,947
<b>Total Assets</b>	<b>\$ 1,764,479</b>	<b>\$ 2,925,502</b>	<b>\$ 542,791</b>	<b>\$ 515,336</b>	<b>\$ 5,748,108</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 56,902	\$ 381,223	\$ 1,218	\$ -	\$ 439,343
Accrued Liabilities	6,623	-	-	-	6,623
Advances from Other Funds	-	-	1,454,187	258,887	1,713,074
<b>Total Liabilities</b>	<b>63,525</b>	<b>381,223</b>	<b>1,455,405</b>	<b>258,887</b>	<b>2,159,040</b>
<b>Deferred Inflows:</b>					
Succeeding Year Property Taxes	578,106	-	102,826	177,933	858,865
Special Assessments	233,882	-	-	-	233,882
Notes Receivable	-	-	-	273,593	273,593
<b>Total Deferred Inflows</b>	<b>811,988</b>	<b>-</b>	<b>102,826</b>	<b>451,526</b>	<b>1,366,340</b>
<b>Fund Balances (Deficit):</b>					
<b>Non-Spendable:</b>					
Advance to Other Funds	303,947	-	-	-	303,947
<b>Restricted:</b>					
CDBG	-	-	-	13,446	13,446
Debt Service	-	-	-	46,764	46,764
<b>Committed:</b>					
Capital Project Fund	-	2,544,279	-	-	2,544,279
<b>Assigned:</b>					
General Purposes	113,285	-	-	-	113,285
Little Red School House	8,224	-	-	-	8,224
Library	94,728	-	-	-	94,728
<b>Unassigned</b>	<b>368,782</b>	<b>-</b>	<b>(1,015,440)</b>	<b>(255,287)</b>	<b>(901,945)</b>
<b>Total Fund Balances (Deficit)</b>	<b>888,966</b>	<b>2,544,279</b>	<b>(1,015,440)</b>	<b>(195,077)</b>	<b>2,222,728</b>
<b>Liabilities, Deferred Inflows, and Fund Balances (Deficit)</b>	<b>\$ 1,764,479</b>	<b>\$ 2,925,502</b>	<b>\$ 542,791</b>	<b>\$ 515,336</b>	

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

Capital assets are not reported in the fund financial statements because they are not current financial resources; they are, however, reported in the statement of net position. 4,429,014

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred. 507,475

Net Wisconsin Retirement System pension plan asset and related deferred outflows and inflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Plan Asset 83,747  
Deferred Outflows of Resources 88,822  
Deferred Inflows of Resources (2,844)

Certain liabilities are not reported in the fund statements because they are not due and payable; they are, however, reported in the statement of net position.

Notes Payable (3,624,623)  
Accrued Compensated Absences (72,832)  
Accrued Interest (30,990)

Net Position of Governmental Activities \$ 3,600,497

See accompanying Notes to Basic Financial Statements.



**CITY OF WEYAUWEGA, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	General	Capital Projects		Other Nonmajor Funds	Total
		General	TIF #4		
<b>REVENUES</b>					
Taxes	\$ 622,324	\$ -	\$ 99,013	\$ 188,079	\$ 909,416
Special Assessments	11,987	-	-	-	11,987
Intergovernmental Revenue	684,953	-	-	-	684,953
Regulation and Compliance Revenue	46,497	-	-	-	46,497
Public Charges for Services	133,373	-	-	-	133,373
General Revenues	19,768	-	-	72,175	91,943
Commercial Revenues	3,588	-	500	1,826	5,914
Total Revenues	<u>1,522,490</u>	<u>-</u>	<u>99,513</u>	<u>262,080</u>	<u>1,884,083</u>
<b>EXPENDITURES</b>					
Current:					
General Government	349,948	8,276	1,217	-	359,441
Public Safety	486,482	-	-	-	486,482
Health and Social Services	1,727	-	-	-	1,727
Public Works	262,568	-	-	-	262,568
Culture and Recreation	247,033	-	-	-	247,033
Conservation and Development	2,860	-	-	63,289	66,149
Capital Outlays	13,291	1,710,379	-	260,844	1,984,514
Debt Service:					
Principal Retirement	-	-	31,648	146,177	177,825
Interest	-	-	5,704	20,444	26,148
Bond Issuance Costs	-	37,820	-	-	37,820
Total Expenditures	<u>1,363,909</u>	<u>1,756,475</u>	<u>38,569</u>	<u>490,754</u>	<u>3,649,707</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	158,581	(1,756,475)	60,944	(228,674)	(1,765,624)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Long-Term Debt	-	3,040,000	-	-	3,040,000
Transfer In	-	245,000	-	70,763	315,763
Transfer Out	(315,763)	-	-	-	(315,763)
Total Other Financing Sources (Uses)	<u>(315,763)</u>	<u>3,285,000</u>	<u>-</u>	<u>70,763</u>	<u>3,040,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	(157,182)	1,528,525	60,944	(157,911)	1,274,376
Fund Balances (Deficits) - Beginning of Year	<u>1,046,148</u>	<u>1,015,754</u>	<u>(1,076,384)</u>	<u>(37,166)</u>	<u>948,352</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 888,966</u>	<u>\$ 2,544,279</u>	<u>\$ (1,015,440)</u>	<u>\$ (195,077)</u>	<u>\$ 2,222,728</u>

See accompanying Notes to Basic Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,274,376

The change in net position reported for governmental activities in the statement of activities is different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

The net changes are as follows:

Capital Outlays	\$ 1,984,514	
Less Capital Outlays Not Capitalized	(237,131)	
Assets Donated	45,000	
Loss on Disposed Assets	(311)	
Depreciation Expense	<u>(137,293)</u>	1,654,779

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension asset and related deferred outflows and inflows of resources.

5,485

Transactions relating to long-term debt are reported as revenues and expenditures in governmental funds. However, in the statement of net position, repayments reduce long-term liabilities and new borrowings increase long-term liabilities:

New Issuance	(3,040,000)	
Principal Repayments	<u>177,825</u>	(2,862,175)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when the financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes of the following balances:

Accrued Interest on Long-Term Obligations	(18,761)	
Compensated Absences	<u>(4,683)</u>	(23,444)

Revenue had accrued on December 31, 2015, but was not available. Consequently, this revenue was deferred in governmental funds, but is recorded as loans receivable on the statement of net position and recognized as revenue on the statement of activities. The net revenues consists of:

Special Assessments	185	
Adjustment on Housing Loans	(23,133)	
Loan Repayments - Housing	<u>(1,810)</u>	<u>(24,758)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 24,263</u></u>

See accompanying Notes to Basic Financial Statements.

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

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 678,854	\$ 335,791	\$ 1,014,645
Restricted Cash and Cash Equivalents	4,473,539	177,442	4,650,981
Temporary Investments	211,011	211,011	422,022
Customer Accounts Receivable	120,175	49,556	169,731
Inventories	-	69,478	69,478
Total Current Assets	<u>5,483,579</u>	<u>843,278</u>	<u>6,326,857</u>
Noncurrent Assets:			
Temporary Investments	55,724	55,724	111,448
Advance to Other Funds	763,922	645,205	1,409,127
Capital Assets Not Being Depreciated	3,548,999	6,062	3,555,061
Capital Assets Being Depreciated, Net of Accumulated Depreciation:			
Buildings and Improvements	500,660	173,799	674,459
Machinery and Equipment	725,941	1,086,355	1,812,296
Infrastructure	<u>1,414,632</u>	<u>1,689,282</u>	<u>3,103,914</u>
Total Capital Assets, Net	<u>6,190,232</u>	<u>2,955,498</u>	<u>9,145,730</u>
Total Noncurrent Assets	<u>7,009,878</u>	<u>3,656,427</u>	<u>10,666,305</u>
Restricted Wisconsin Retirement System Pension Plan Asset	<u>20,840</u>	<u>11,004</u>	<u>31,844</u>
Total Assets	<u>12,514,297</u>	<u>4,510,709</u>	<u>17,025,006</u>
<b>DEFERRED OUTFLOWS</b>			
Loss on Refunding	122,258	-	122,258
Wisconsin Retirement System Pension Related	<u>22,044</u>	<u>11,640</u>	<u>33,684</u>
Total Deferred Outflows	<u>144,302</u>	<u>11,640</u>	<u>155,942</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	849,123	8,651	857,774
Accrued Employee Liabilities	23,848	7,073	30,921
Liabilities Payable from Restricted Assets:			
Current Maturities of Long-Term Debt	186,253	86,196	272,449
Accrued Interest	<u>95,937</u>	<u>14,477</u>	<u>110,414</u>
Total Current Liabilities	<u>1,155,161</u>	<u>116,397</u>	<u>1,271,558</u>
Noncurrent Liabilities:			
Long-Term Debt, Less Current Maturities	<u>7,500,969</u>	<u>1,731,043</u>	<u>9,232,012</u>
Total Liabilities	<u>8,656,130</u>	<u>1,847,440</u>	<u>10,503,570</u>
<b>DEFERRED INFLOWS</b>			
Wisconsin Retirement System Pension Related	708	374	1,082
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,327,920	1,315,701	2,643,621
Restricted	981,344	11,004	992,348
Unrestricted	<u>1,692,497</u>	<u>1,347,830</u>	<u>3,040,327</u>
Total Net Position	<u>\$ 4,001,761</u>	<u>\$ 2,674,535</u>	<u>\$ 6,676,296</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
<b>INCOME FROM OPERATIONS</b>			
Customer Charges for Services	\$ 827,180	\$ 416,734	\$ 1,243,914
Other Charges	12,191	5,532	17,723
Total Income from Operations	<u>839,371</u>	<u>422,266</u>	<u>1,261,637</u>
<b>OPERATING EXPENSES</b>			
Plant and Maintenance Expenses:			
Salaries, Wages, and Benefits	110,267	43,861	154,128
Power	26,018	50,088	76,106
Chemicals	40,533	18,380	58,913
Other Operating Supplies	94,373	22,191	116,564
Repairs and Maintenance	61,088	42,461	103,549
Total Plant and Maintenance Expenses	<u>332,279</u>	<u>176,981</u>	<u>509,260</u>
General Expenses:			
Administrative and General Salaries and Benefits	59,499	40,942	100,441
Office Supplies and Expense	4,154	14,523	18,677
Outside Services	26,507	13,008	39,515
Property and Liability Insurance	21,442	21,442	42,884
Transportation	-	1,262	1,262
Depreciation	201,219	93,139	294,358
Miscellaneous	4,698	-	4,698
Total General Expenses	<u>317,519</u>	<u>184,316</u>	<u>501,835</u>
Total Operating Expenses	<u>649,798</u>	<u>361,297</u>	<u>1,011,095</u>
<b>OPERATING INCOME</b>	189,573	60,969	250,542
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	6,898	3,751	10,649
Interest Expense and Fiscal Charges	(222,348)	(88,197)	(310,545)
Total Nonoperating Expenses	<u>(215,450)</u>	<u>(84,446)</u>	<u>(299,896)</u>
<b>CAPITAL CONTRIBUTIONS</b>	146,008	26,396	172,404
<b>CHANGE IN NET POSITION</b>	120,131	2,919	123,050
Net Position - Beginning of Year (As Previously Stated)	3,840,760	2,650,034	6,490,794
Change in Accounting Principle	40,870	21,582	62,452
Net Position - Beginning of Year (Restated)	<u>3,881,630</u>	<u>2,671,616</u>	<u>6,553,246</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 4,001,761</u>	<u>\$ 2,674,535</u>	<u>\$ 6,676,296</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 807,151	\$ 413,537	\$ 1,220,688
Payments to Suppliers	(283,843)	(185,304)	(469,147)
Payments to Employees	(167,658)	(87,335)	(254,993)
Net Cash Provided by Operating Activities	<u>355,650</u>	<u>140,898</u>	<u>496,548</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and Construction of Capital Assets	(2,417,563)	(182,283)	(2,599,846)
Proceeds From Long-Term Debt	6,090,000	-	6,090,000
Bond Discount and Issue Costs Paid	(99,925)	-	(99,925)
Principal Paid on Long-Term Debt	(215,000)	(82,175)	(297,175)
Interest Paid on Long-Term Debt	(57,599)	(87,440)	(145,039)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>3,299,913</u>	<u>(351,898)</u>	<u>2,948,015</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Temporary Investments	(1,640)	(3,057)	(4,697)
Interest Income	6,898	3,751	10,649
Net Cash Provided by Investing Activities	<u>5,258</u>	<u>694</u>	<u>5,952</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,660,821	(210,306)	3,450,515
Cash and Cash Equivalents - Beginning of Year	<u>1,491,572</u>	<u>723,539</u>	<u>2,215,111</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 5,152,393</u>	<u>\$ 513,233</u>	<u>\$ 5,665,626</u>
<b>RECONCILED TO STATEMENT OF NET POSITION</b>			
Unrestricted Cash and Cash Equivalents	\$ 678,854	\$ 335,791	\$ 1,014,645
Restricted Cash and Cash Equivalents	4,473,539	177,442	4,650,981
Total	<u>\$ 5,152,393</u>	<u>\$ 513,233</u>	<u>\$ 5,665,626</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating Income	\$ 189,573	\$ 60,969	\$ 250,542
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	201,219	93,139	294,358
Change in Pension	(1,306)	(688)	(1,994)
Effects of Change in Operating Assets and Liabilities:			
Receivables	(32,220)	(8,729)	(40,949)
Inventories	-	(1,801)	(1,801)
Accounts Payable	(5,030)	(148)	(5,178)
Accrued Expenses	3,414	(1,844)	1,570
Net Cash Provided by Operating Activities	<u>\$ 355,650</u>	<u>\$ 140,898</u>	<u>\$ 496,548</u>
<b>NONCASH ACTIVITIES</b>			
Acquisition Capital Assets via Accounts Payable, Net	<u>\$ 810,383</u>	<u>\$ (173,037)</u>	<u>\$ 637,346</u>
Acquisition Capital Assets via Capital Contributions	<u>\$ 26,396</u>	<u>\$ 146,008</u>	<u>\$ 172,404</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

This report includes all of the funds of the City of Weyauwega, Wisconsin (the City). 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. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. 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. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, it entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

**B. Government-Wide and Fund Financial Statements**

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

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. 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 properly included among program revenues are reported instead as general revenues.

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

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

The City reports the following major governmental funds:

General Fund – This fund is the general operating fund of the City. It is used to account for financial resources devoted to financing general services. This fund is charged with all costs of operating the government for which a separate fund has not been established.

General Capital Projects Fund – To account for the financial resources and the expenditures for the construction of new streets, sidewalks, and for other major improvements and capital additions.

TIF #4 - Capital Projects Fund – To account for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

The City reports two major enterprise funds:

Water Utility Fund – To account for the water supply and services to the residents, business entities, and public authorities of the City.

Sewer Utility Fund – To account for the wastewater treatment services to the residents, business entities, and public authorities of the City.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

Additionally, the government reports the following nonmajor governmental funds:

CDBG Special Revenue Fund – To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

General Debt Service Fund – To account for specific revenue sources that are legally restricted to repayment of debt principal and interest.

TIF #3 - Debt Service Fund – To account for specific TIF revenue sources that are legally restricted to repayment of debt principal and interest.

TIF #6 - Capital Projects Fund – To account for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

TIF #7 – Capital Projects Fund – To account for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Special assessments are recorded as revenue when earned.

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

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



**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO 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)**

Intergovernmental grants and aids are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City that are not currently available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Long-term receivables, such as special assessments, notes, and mortgages, are recorded as receivables and deferred inflows. In subsequent periods, when revenue recognition criteria are met or when the City has a legal claim to the resources, inflows are recorded.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues, such as licenses and permits, fines and forfeitures, and miscellaneous inflows, are recognized when payment is received or when measurable and available under the criteria described above.

For governmental fund financial statements, deferred inflows arise when a potential revenue source does not meet both the "measurable" and "available" criteria for recognition in the current period. For government-wide and governmental fund financial statements, deferred inflows 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 are removed from the balance sheet and revenue is recognized.

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, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

**CITY OF WEYAUWEGA, WISCONSIN**  
**NOTES TO 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)**

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

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**D. Assets, Liabilities, and Equity**

**Cash, Cash Equivalents, and Temporary Investments**

For purposes of the statement of net position and proprietary fund statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Temporary investments consist of certificates of deposit with original maturities greater than three months. These investments are stated at cost, which approximates fair value.

**Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as either "due from/due to other funds" (current portion) or "advances to/from other funds" (noncurrent portion). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Equity (Continued)**

**Receivables and Payables (Continued)**

All trade and property tax receivables are reported at gross value with uncollectible amounts written off under the direct write off method. No allowance for uncollectible accounts is presented, since the amount would not be significant. No allowance for uncollectible accounts has been provided for the Water and Sewer Utilities since they are able to place delinquent bills on the tax roll.

Property taxes consist of taxes on real estate and personal property. Property taxes are levied in December of each year based on assessed value as of January 1 of that year and become an enforceable lien on the property the following January 1. The amount levied is applicable to the budget of the ensuing calendar year and become due as of January 1 of that year. In addition to property taxes for the City, certain taxes are also collected for and remitted to the state and county governments, as well as local school and technical college districts. Payment due dates are full payment by January 31 or partial payments by January 31 and July 31 of each year. At year-end, the property taxes levied for each fund are recorded as taxes receivable and deferred inflows.

**Inventories and prepayments**

Inventories consist of expendable supplies held for consumption. Inventories are stated at cost with value being determined on the "first-in, first-out" basis of accounting. The cost is recorded as an expenditure or an expense at the time the individual inventory items are consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond the end of the current year are recorded as prepayments in both government-wide and fund financial statements. Inventories and prepayments of governmental fund types are offset by nonspendable fund balance which indicates that assets do not represent spendable available financial resources.

**Restricted Assets**

Restricted assets consist of cash and cash equivalents restricted for the purpose of unspent bond proceeds as well as Sewer and Water Utility Fund debt repayment and plant replacement. Current liabilities payable from these restricted assets are so classified.

**CITY OF WEYAUWEGA, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Equity (Continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, utility system, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$1,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. GASB 34 permits reporting infrastructure on a prospective basis. Accordingly, major networks of infrastructure assets prior to 2004 are not reported in the government-wide financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, equipment, and infrastructure assets are depreciated using the straight-line method over the following useful lives:

Land Improvements	15 Years
Buildings	30 Years
Machinery and Equipment	5 - 7 Years
Utility System	15 - 107 Years
Infrastructure	40 - 50 Years

**Deferred Outflows of Resources**

The City reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The City reports deferred outflows of resources for loss on refunding and pension related items.

**Compensated Absences**

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 terminations and/or retirements or are payable with expendable available resources.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Equity (Continued)**

**Compensated Absences (Continued)**

Sick days can be accumulated up to a maximum of 90 days and are paid upon retirement or death at the employee's then hourly rate of pay. Voluntary termination of employment is paid out at 50% of the employee's then hourly rate of pay. Vacation days are earned following each anniversary date; any unused vacation will not be paid out on the next anniversary date, except in the case of termination or retirement at which time the employee would be paid out. Employees are not allowed to carry unused vacation hours into subsequent year unless granted approval by the City Council.

**Deferred Inflows of Resources**

The City reports increases in net position or fund equity that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position or governmental fund balance sheet. The City will not recognize the related revenue until a future event occurs. The City has two types of items which occur related to revenue recognition. The first occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The second type of deferred inflow of resources occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the City's year) under the modified accrual basis of accounting. The City also reports deferred inflows of resources for pension related items.

**Wisconsin Retirement System Pension Plan Benefits**

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

**Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term debt and other obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. Long-term debt payable is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, and Equity (Continued)**

**Government-Wide and Proprietary Fund Net Position**

Government-wide and proprietary fund net position are divided into three components:

- Net Investment in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- Unrestricted net position - The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity**

**Governmental Fund Equity**

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as described below.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components.

- Nonspendable fund balance – Amounts that cannot be spent because they are 1) not in spendable form or 2) legally or contractually required to be maintained intact. The City reports nonspendable prepaids and advances to other funds.
- Restricted fund balance – Amount constraints requiring use for a specific purpose and are either: 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. Fund balance restrictions are legally enforceable when a third party can enforce the resources to be used appropriately.
- Committed fund balance – Amounts used for specific purposes based on constraints imposed by formal action of the City Council. The commitment purposes must be made during the City's fiscal year ended December 31, 2015, and can only be amended by the same formal legal action creating the original commitments, such as a resolution or ordinance.
- Assigned fund balance – Funds that are constrained by the City Administrator with the intent for the amount to be used for specific purposes, but it is neither restricted nor committed.
- Unassigned fund balance – The balance of General fund's fund balance available for appropriation.

The City will use fund balance resources in the following manner: first, restricted, then committed, assigned and finally unassigned.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. A formal budget has been adopted for the all funds except for the Capital Projects and Special Revenue Funds.

The budget covers the fiscal year ending December 31 and is available for public inspection at least 15 days prior to final adoption. All annual appropriations lapse at fiscal year-end unless specifically set up as a nonlapsing appropriation. The budget is prepared on a basis consistent with generally accepted accounting principles.

**Excess of Expenditures Over Appropriations**

For the year ended December 31, 2015, expenditures exceeded appropriations in the departments for the General Fund listed as follows:

General Government	\$	3,344
Public Safety		4,666
Health and Social Services		227
Capital Outlay		13,291
Transfer Out		70,763

**Deficit Fund Balance**

The Tax Incremental Financial District No. 4 - Capital Projects Funds, Tax Incremental Financing District No. 6 - Capital Projects Funds, and Tax Incremental Financing District No. 7 – Capital Projects Funds have deficit fund balances of \$1,015,440, \$182,491, and \$72,796, respectively, as of December 31, 2015. The fund deficits are expected to be recovered through property sales and tax levies in future years.

**Limitations on the City's Tax Levy**

Wisconsin Statutes Section 66.0602 limits the City's future tax levies. Generally, the City is limited to its prior year tax levy actual dollar amount (excluding TIF Districts), increased by a valuation factor for new construction. Changes in debt service from one year to the next are generally exempt from this limit.



**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The City's deposits and investments at year-end were comprised of the following:

	<u>Carrying Value</u>	<u>Associated Risks</u>
Petty Cash	\$ 1,060	
Deposits:		
Demand Deposits	123,282	Custodial credit
Certificates of Deposit	610,366	Custodial credit
Total Deposits	733,648	
Investments:		
Local Government Investment Pool (LGIP)	8,658,545	Credit, interest rate
Wisconsin Investment Series		
Cooperative (WISC)	811,207	Credit, interest rate
Total Investments	9,469,752	
Total Deposits and Investments	\$ 10,204,460	
Reconciliation to the Statement of Net Position:		
Cash and Cash Equivalents	\$ 3,151,457	
Restricted Cash and Cash Equivalents	6,442,637	
Temporary Investments	610,366	
Total Cash and Investments	\$ 10,204,460	

**Custodial Credit Risk for Deposits**

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

As of December 31, 2015, the carrying amount of the City's deposits was \$733,648 and the bank balance was \$1,197,896. Of the bank balance, \$625,400 was exposed to custodial credit risk as uninsured and uncollateralized.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. However, although the fund had reserves available at December 31, 2015, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund is abolished. Therefore, this coverage has not been considered in computing custodial credit risk.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Investment Policy**

The City has not adopted a formal investment policy; however, the City invests in accordance with Wisconsin State Statutes. Under state statute, investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association authorized to transact business in the state;
- Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state, the University of Wisconsin Hospitals and Clinics Authority, and the Wisconsin Aerospace Authority;
- Bonds or securities issued or guaranteed by the federal government;
- Any security which matures within not more than seven years, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's corporation, Moody's investors service, or similar rating agency;
- Securities of an open-end management investment company or investment trust, if the company or trust does not charge a sales load, is registered under the investment company act of 1940, and if the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed as to principal and interest by the federal government;
- Repurchase agreements that are fully collateralized by bonds or securities of the federal government;
- The state local government investment pool.
- Repurchase agreements with public depositories with certain conditions.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. At December 31, 2015, the fair value of the City's share of the LGIP was substantially equal to the amount as reported in these statements.

The investments in the LGIP are covered up to \$400,000 by the State Guarantee Fund. Certificates of deposit held in the LGIP are covered by FDIC insurance, which applies to the proportionate public unit share of accounts.

The Wisconsin Investment Series Cooperative (WISC) is managed by PMA Financial Network, Inc., and is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 66. At December 31, 2015, the fair value of the City's share of the WISC approximates to the amount as reported in these statements.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Deposits and Investments (Continued)**

**Custodial Credit Risk for Investments**

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The City does not have a formal policy which addresses custodial credit risk for deposits and investments.

**Concentration of Credit Risk**

Concentration of credit risk refers to risk of loss attributed to the City's investment in a single issuer. The City does not have a formal policy on this type of investment risk.

**Credit Risk and Interest Rate Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the City. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2015, the City had \$8,658,545 invested in LGIP, which is not rated. The average maturity date for investments held by the LGIP is 49 days, but funds are available to the City in full on one day's notice. The City had \$811,207 invested in WISC's Cash Management Series and Investment Series investments, which are rated AAAM by Standard & Poor's. The investments at WISC are also available to the City in full on a one-day notice.

The City does not have a formal policy which addresses credit and interest rate risk.

**B. Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents consist of the following amounts:

Unspent debt proceeds	\$ 5,071,264
Replacement Reserves	960,504
Debt Service Reserves	410,869
	<u>\$ 6,442,637</u>

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Removals</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 94,929	\$ -	\$ -	\$ 94,929
Construction in Progress	-	1,602,508	-	1,602,508
Total Capital Assets Not Being Depreciated	<u>94,929</u>	<u>1,602,508</u>	<u>-</u>	<u>1,697,437</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,035,597	11,024	12,470	1,034,151
Machinery and Equipment	967,276	91,378	-	1,058,654
Infrastructure	<u>2,389,417</u>	<u>87,473</u>	<u>-</u>	<u>2,476,890</u>
Total Capital Assets Being Depreciated	<u>4,392,290</u>	<u>189,875</u>	<u>12,470</u>	<u>4,569,695</u>
Less Accumulated depreciation:				
Buildings and Improvements	542,581	24,765	12,159	555,187
Machinery and Equipment	730,414	60,243	-	790,657
Infrastructure	<u>439,989</u>	<u>52,285</u>	<u>-</u>	<u>492,274</u>
Total Accumulated Depreciation	<u>1,712,984</u>	<u>137,293</u>	<u>12,159</u>	<u>1,838,118</u>
Total Capital Assets Being Depreciated, Net	<u>2,679,306</u>	<u>52,582</u>	<u>311</u>	<u>2,731,577</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,774,235</u>	<u>\$ 1,655,090</u>	<u>\$ 311</u>	<u>\$ 4,429,014</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities:	
General Government	\$ 14,956
Public Safety	19,065
Public Works	73,524
Culture and Recreation	26,850
Community Development and Conservation	<u>2,898</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 137,293</u>

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Capital Assets (Continued)**

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Removals</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 34,210	\$ -	\$ -	\$ 34,210
Construction in Progress	311,611	3,209,240	-	3,520,851
Total Capital Assets Not Being Depreciated	345,821	3,209,240	-	3,555,061
Capital Assets Being Depreciated:				
Buildings and Improvements	1,502,802	-	-	1,502,802
Machinery and Equipment	4,836,496	32,618	5,100	4,864,014
Infrastructure	4,105,733	167,738	6,300	4,267,171
Total Capital Assets Being Depreciated	10,445,031	200,356	11,400	10,633,987
Less Accumulated Depreciation:				
Buildings and Improvements	789,117	39,226	-	828,343
Machinery and Equipment	2,858,492	198,326	5,100	3,051,718
Infrastructure	1,112,751	56,806	6,300	1,163,257
Total Accumulated Depreciation	4,760,360	294,358	11,400	5,043,318
Total Capital Assets Being Depreciated, Net	5,684,671	(94,002)	-	5,590,669
Business-Type Activities Capital Assets, Net	<u>\$ 6,030,492</u>	<u>\$ 3,115,238</u>	<u>\$ -</u>	<u>\$ 9,145,730</u>

Depreciation expense was charged to functions of the business-type activities as follows:

Business-Type Activities:	
Sewer Utility	\$ 201,219
Water Utility	93,139
Total Depreciation Expense - Business-Type Activities	<u>\$ 294,358</u>

**D. Interfund Balances**

The composition of interfund activity as of December 31, 2015 is as follows:

<u>Advance From</u>	<u>Advance To</u>	<u>Amount</u>
General	CDGB	\$ 3,600
General	TIF No. 4	45,060
General	TIF No. 6	182,491
General	TIF No. 7	72,796
Water	TIF No. 4	645,205
Sewer	TIF No. 4	763,922
Total		<u>\$ 1,713,074</u>

The interfund advances consist of balances relating to loans for construction projects, and will be reduced through future tax increments and excess cash flows.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Interfund Balances (Continued)**

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

The composition of interfund transfers as of December 31, 2015 is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
TIF #3 Debt Service	General Fund	\$ 70,763
General Capital Projects	General Fund	<u>245,000</u>
Total		<u>\$ 315,763</u>

The transfer from the General Fund to the Capital Projects fund is for budgetary transfers for long-term capital needs. The transfer from the General Fund to the TIF #3 Debt Service fund is to close-out the final fund deficit.

**E. Long-Term Obligations**

Required disclosures regarding the City's long-term obligations are as follows:

<u>Governmental Activities</u>	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Amount Due in One Year
(1) 2003 G.O. Refunding Bonds	\$ 400,000	\$ -	\$ 115,000	\$ 285,000	\$ 130,000
(2) 2010 G.O. Refunding Bonds	362,448	-	62,825	299,623	67,658
(3) 2015 Note Anticipation	-	3,040,000	-	3,040,000	3,040,000
	<u>762,448</u>	<u>3,040,000</u>	<u>177,825</u>	<u>3,624,623</u>	<u>3,237,658</u>
(4) Compensated absences	68,149	37,408	32,725	72,832	72,832
Total Governmental Activity Long-Term Obligations	<u>\$ 830,597</u>	<u>\$ 3,077,408</u>	<u>\$ 210,550</u>	<u>\$ 3,697,455</u>	<u>\$ 3,310,490</u>
<u>Business-Type Activities</u>	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Amount Due in One Year
(2) 2010 G.O. Refunding Bonds	\$ 12,552	\$ -	\$ 2,175	\$ 10,377	\$ 2,342
(5) 2011 Water Revenue Bonds	1,905,000	-	80,000	1,825,000	85,000
(6) 2013A Taxable Sewer Rev Refunding Bonds	1,890,000	-	215,000	1,675,000	225,000
(7) 2015 Taxable Sewerage System	-	6,090,000	-	6,090,000	-
	<u>3,807,552</u>	<u>6,090,000</u>	<u>297,175</u>	<u>9,600,377</u>	<u>312,342</u>
Less Unamortized Bond Discount	<u>(57,284)</u>	<u>(60,900)</u>	<u>(22,268)</u>	<u>(95,916)</u>	<u>(39,893)</u>
	<u>3,750,268</u>	<u>6,029,100</u>	<u>274,907</u>	<u>9,504,461</u>	<u>272,449</u>
(4) Compensated absences	22,949	18,045	13,127	27,867	27,867
Total Business-Type Activity Long-Term Obligations	<u>\$ 3,773,217</u>	<u>\$ 6,047,145</u>	<u>\$ 288,034</u>	<u>\$ 9,532,328</u>	<u>\$ 300,316</u>

If at any time the Water or Sewer Fund is unable to meet the above noted obligations, the ultimate liability for payment lies with the City.

**CITY OF WEYAUWEGA, WISCONSIN**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

- (1) \$ 285,000 Original issue dated February 12, 2003. Principal due in annual installments of \$30,000 to \$155,000 through February 1, 2017. Interest in semi-annual installments at 2.00% to 4.40%. The issue is being serviced by the General Debt Service Fund.
- (2) \$ 310,000 Original issue dated July 21, 2010. Principal due in annual installments of \$30,000 to \$145,000 through February 1, 2022. Interest in semi-annual installments at 1.10% to 4.10%. The issue is being serviced by the General Debt Service Fund (48%), TIF #4 (49%), and Water Fund (3%).
- (3) \$ 3,040,000 Original issue dated July 8, 2015. Principal due in full August 1, 2016. Interest in semi-annual installments at 1.50%. The issue is serviced by the General Debt Service Fund. (Refunded in 2016 – see below).
- (4) \$ 100,699 Accumulated unused sick pay up to a maximum of 90 days (720 hours); payable upon retirement, death, or disability.
- (5) \$ 1,825,000 Original issue dated April 28, 2011. Principal due in annual installments of \$75,000 to \$155,000 through May 1, 2031. Interest in semi-annual installments at 1.50% to 5.60%. The issue is serviced by the Water Utility.
- (6) \$ 1,675,000 Original issue dated March 14, 2013. Principal due in annual installments of \$210,000 to \$255,000 through May 1, 2022. Interest in semi-annual installments at 1.75% to 4.00%. The issue is serviced by the Sewer Utility.
- (7) \$ 6,090,000 Original issue dated July 8, 2015. Principal due in full on May 1, 2017. Interest in annual installments at 3.15%. The issue is serviced by the Sewer Utility.

On June 7, 2016, the City issued \$3,095,000 General Obligation Refunding Bonds Series 2016A, in order to refinance the above \$3,040,000 2015 Note Anticipation Notes. The 2016A bond issue requires principal due in annual installments of \$135,000 to \$200,000 through 2036 plus interest in semi-annual installments at 2.00% to 3.00%. The issue is serviced by the General Debt Service Fund.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Covenant Compliance**

The Sewer and Water System Revenue Bonds require the City to maintain cash reserves of \$228,000 and \$171,935, respectively, for debt service obligations. The City is in compliance with these reserve requirements.

The bonds also require the City to establish, charge, and collect such lawfully established rates and charges for the services provided by the Utility System so that net revenues (gross revenues less all costs of operation and maintenance, exclusive of debt service and depreciation) will be at least 1.25 (sewer) or 1.20 (water) times the amount of principal and interest coming due on all outstanding bonds payable from the income and revenue of the Utility System each year. The City is not in compliance with these rate covenants.

Annual debt service requirements serviced by the governmental activities are as follows:

<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,237,658	\$ 67,685	\$ 3,305,343
2017	198,493	11,279	209,772
2018	43,493	6,423	49,916
2019	43,493	4,879	48,372
2020	43,493	3,226	46,719
2021-2023	57,993	1,585	59,578
Total	<u>\$ 3,624,623</u>	<u>\$ 95,077</u>	<u>\$ 3,719,700</u>

Annual debt service requirements serviced by the business-type activities are as follows:

<u>Business-Type Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 312,342	\$ 389,421	\$ 701,763
2017	6,406,507	224,586	6,631,093
2018	326,507	118,962	445,469
2019	331,507	108,221	439,728
2020	336,507	96,305	432,812
2021-2025	1,052,007	312,696	1,364,703
2026-2030	680,000	138,203	818,203
2031-2032	155,000	4,340	159,340
Total	<u>\$ 9,600,377</u>	<u>\$ 1,392,734</u>	<u>\$ 10,993,111</u>

The 2015 equalized valuation of the City, certified by Wisconsin Department of Revenue, is \$89,732,700. The legal general obligation debt limit and margin of indebtedness as of December 31, 2015, in accordance with the Wisconsin Statutes follows:

Debt Limit (5% of \$89,732,700)	\$ 4,486,635
Deduct Long-Term Debt Applicable to Debt Margin	3,635,000
Margin of Indebtedness	<u>\$ 851,635</u>



**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Long-Term Obligations (Continued)**

**Prior Years Debt Defeasance**

As of December 31, 2015, the outstanding principal of previously defeased bonds is \$335,000.

**F. Fund Balances / Net Position**

As of December 31, 2015, the City has the following assignments of fund balance:

General Purposes:

Accumulated Sick Leave	\$ 72,832
Industrial Development	36,868
Fire Equipment	3,585
	113,285
Little Red School House	8,224
Library	94,728
Total Assigned Fund Balance	\$ 216,237

Net position reported on the government-wide statement of net position as of December 31, 2015 includes the following:

Governmental Activities

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 1,697,437
Capital Assets, Net of Accumulated Depreciation	2,731,577
Adjusted for:	
Outstanding Capital Related Debt	(3,624,623)
Unspent Note Proceeds	1,475,270
Utility Capital Assets Funded by City	150,518
Net Investment in Capital Assets	2,430,179

Restricted Net Position:

Restricted for Block Grant	287,039
Restricted for Debt Service	15,774
Restricted for Pension Plan	83,747
Total Restricted	386,560

Unrestricted

783,758

Total Governmental Activities Net Position

\$ 3,600,497

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Fund Balances / Net Position (Continued)**

Business-Type Activities

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 3,555,061
Capital Assets, Net of Accumulated Depreciation	5,590,669
Adjusted for:	
Outstanding Capital Related Debt	(9,504,461)
Unspent Note Proceeds	2,469,225
Loss on Refunding	122,258
Utility Reserves	410,869
Net Investment in Capital Assets	2,643,621

Restricted Net Position:

Restricted for Replacement	960,504
Restricted for Pension Plan	31,844
Total Restricted	992,348

Unrestricted

3,040,327

Total Business-Type Activities Net Position

\$ 6,676,296

Total Net Position

Net Investment in Capital Assets:

Total Capital Assets Not Being Depreciated	\$ 5,252,498
Total Capital Assets, Net of Accumulated Depreciation	8,322,246
Adjusted for:	
Adjusted for:	
Outstanding Capital Related Debt	(13,129,084)
Unspent Note Proceeds	3,944,495
Loss on Refunding	122,258
Utility Reserves	410,869
Net Investment in Capital Assets	4,923,282

Total Restricted

1,378,908

Total Unrestricted:

Governmental Activities Unrestricted Net Assets	783,758
Business-Type Activities Unrestricted Net Assets	3,040,327
Adjusted for:	
Utility Capital Assets Funded by City	150,518
Total Unrestricted	3,974,603

Total Net Position

\$ 10,276,793

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Deferred Compensation Plan**

The City offers a deferred compensation plan for all employees. Contributions to this plan are entirely from employee voluntary contributions. These assets are not assets of the City, and accordingly, are not included in the City's financial statements.

**H. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City carries commercial insurance for risk of loss. The City did not have settled claims that exceeded the City's commercial insurance coverage in any of the past three years.

**I. Customer Concentration**

The City Water and Sewer Utility include charges to one customer during 2015 that total 43% of total combined revenue of the Utility. At December 31, 2015, the amount owed to the Utility by this customer totaled \$45,024.

**J. Tax Incremental Financing District**

The following is the cumulative status of Tax Incremental Financing Districts (TIF) as of December 31, 2015:

	<u>TIF #3</u>	<u>TIF#4</u>	<u>TIF#6</u>	<u>TIF#7</u>
Revenues:				
Tax increment	\$ 801,091	\$ 964,502	\$ -	\$ -
Other	290,578	49,235	-	72,175
Total Revenues	<u>1,091,669</u>	<u>1,013,737</u>	<u>-</u>	<u>72,175</u>
Expenditures:				
Project Costs	749,838	1,912,117	140,341	128,332
Interest, Discounts, and Other Debt Costs	337,331	189,704	-	-
Administration	4,500	78,295	42,150	16,639
Total Expenditures	<u>1,091,669</u>	<u>2,180,116</u>	<u>182,491</u>	<u>144,971</u>
Amount to be Recovered through Future Tax Increments	<u>\$ -</u>	<u>\$ (1,166,379)</u>	<u>\$ (182,491)</u>	<u>\$ (72,796)</u>

Tax Incremental Financing District No. 3 was created on December 31, 1995, to facilitate improvements to the industrial park. During the year end December 31, 2003, the District completed the last year of its project period. The City borrowed funds for the project, which will be retired by tax increments. TIF No. 3 was terminated in 2015.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**J. Tax Incremental Financing District**

Tax Incremental Financing District No. 4 was created on September 27, 2001, to facilitate improvements necessary to promote industrial development. The District completed the thirteenth year of its project period. State statutes allow up to an eighteen-year project period. The City borrowed funds and advanced City funds for the project, which will be retired by tax increments. TIF No. 4 expires on September 27, 2024.

Tax Incremental Financing District No. 6 was formally created in 2015, to facilitate improvements necessary to promote industrial development. The District is expected to incur project costs of \$1.4 million for phase I by 2016, and eventual total project costs of \$8 million over the fifteen year project period. The City anticipates borrowing funds for the project, which will be retired by tax increments. TIF No. 6 will expire in 2035.

Tax Incremental Financing No. 7 was formally created on August 27, 2015, to promote mixed-use development in the District. The District is expected to incur total project costs of \$809,005 over the fifteen year project period. The City anticipates borrowing funds for the project, which will be retired by tax increments. TIF No. 7 will expire in 2035.

**K. Commitments and Contingencies**

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

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

The City has committed to various projects including the Village Hall construction and a wastewater treatment plant upgrade. As of December 31, 2015, the City had incurred approximately \$5,123,358 of costs which are included in construction in progress. Future costs to complete the projects are expected to approximate \$2,833,693.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION**

**A. Wisconsin Retirement System Pension Plan**

**General Information about the Pension Plan**

*Plan Description.* The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931

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

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

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

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

The WRS also provides death and disability benefits for employees.

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan (Continued)**

**General Information about the Pension Plan (Continued)**

*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 ending December 31, 2015, the WRS recognized \$75,465 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

	<u>Employee</u>	<u>Employer</u>
General	6.80%	6.80%
Executives and Elected Officials	7.70%	7.70%
Protective with Social Security	6.80%	9.63%
Protective without Social Security	6.80%	13.23%

*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:

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2005	2.60%	7.00%
2006	80.00%	3.00%
2007	3.00%	10.00%
2008	6.60%	0.00%
2009	-2.10%	-42.00%
2010	-1.30%	22.00%
2011	-1.20%	11.00%
2012	-7.00%	-7.00%
2013	-9.60%	9.00%
2014	4.70%	25.00%

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan (Continued)**

**Pension Assets, 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 \$115,591 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. At December 31, 2014, the City's proportion was 0.0047057%, which was an increase of 0.0002003% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$47,613. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 16,757	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	55,975	-
Change in Proportion and Differences Between City Contributions and Disportionate share of Contributions	-	3,926
District Contributions Subsequent to the Measurement Date	49,774	-
Total	<u>\$ 122,506</u>	<u>\$ 3,926</u>

\$49,774 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an addition to the net pension and \$3,926 reported as deferred inflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction to the net pension in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Pension Expense Amount
2016	\$ 13,577
2017	13,577
2018	13,577
2019	13,577
2020	13,577
Thereafter	920

**CITY OF WEYAUWEGA, WISCONSIN  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan (Continued)**

**Pension Assets, Pension Expense, and Deferred Outflows of Resources and  
 Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial assumptions.* The total pension asset 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:	Frozen Entry Age
Asset Valuation Method:	5-Year Smoothed Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Inflation:	2.0% to 2.7% - approximate
Salary Increases:	3.2% to 8.8% including inflation
Inflation	3.2% to 8.8%
Seniority/Merit	0.2% - 5.8%
Mortality:	WRS experience projected to 2017 with scale BB
Post-Retirement Adjustments*:	5.0%

\*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.

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:



**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan (Continued)**

**Pension Assets, Pension Expense, and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions (Continued)**

Asset Class	Core Asset Allocation		Variable Asset Allocation	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	21%	5.3%	70%	5.3%
International Equity	23%	5.7%	30%	5.7%
Fixed Income	36%	1.7%	N/A	N/A
Inflation Sensitive Assets	20%	2.3%	N/A	N/A
Real Estate	7%	4.2%	N/A	N/A
Private Equity/Debt	7%	6.9%	N/A	N/A
Multi-Asset	6%	3.9%	N/A	N/A
Cash	-20%	0.9%	N/A	N/A
Totals	100%		100%	

*Discount rate.* A single discount rate of 7.20 percent was used to measure the total pension asset. This single discount rate was based on the expected rate of return on pension plan investments of 7.20 percent and a long term bond rate of 3.56 percent. Because of the unique structure of WRS, the 7.20 percent expected rate of return implies that a dividend of approximately 2.1 percent 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 asset.

*Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability (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 (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 326,101	\$ (115,591)	\$ (464,421)

**CITY OF WEYAUWEGA, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 OTHER INFORMATION (CONTINUED)**

**A. Wisconsin Retirement System Pension Plan (Continued)**

**Pension Assets, Pension Expense, and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions (Continued)**

*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.

**B. Change in Accounting Principle**

During the year ended December 31, 2015, the City adopted GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. These pronouncements require the restatement of the December 31, 2014, net position of the governmental activities, business-type activities, water utility fund, and sewer utility fund as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Sewer Utility Fund</u>	<u>Water Utility Fund</u>
Net Position, December 31, 2014, as Previously Reported	\$ 3,411,995	\$ 6,490,794	\$ 3,840,760	\$ 2,650,034
Cumulative Affect of Application of GASB 68, Net Pension Asset (Liability)	128,698	48,938	32,026	16,912
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for City Contributions Made to the Plan During the Fiscal Year Ending December 31, 2014	<u>35,541</u>	<u>13,514</u>	<u>8,844</u>	<u>4,670</u>
Net Position, December 31, 2014, as Restated	<u><u>\$ 3,576,234</u></u>	<u><u>\$ 6,553,246</u></u>	<u><u>\$ 3,881,630</u></u>	<u><u>\$ 2,671,616</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF WEYAUWEGA, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
General Property Tax	\$ 613,668	\$ 613,668	\$ 613,668	\$ -
Mobile Home Parking Fees	9,600	9,600	8,656	(944)
Total Taxes	623,268	623,268	622,324	(944)
Special Assessments	2,500	11,987	11,987	-
Intergovernmental Revenue:				
State Aid:				
Shared Taxes	510,715	522,377	547,821	25,444
Expenditure Restraint	25,444	25,444	-	(25,444)
Recycling Grants	3,800	3,800	3,791	(9)
Computer Aid	2,600	2,600	2,319	(281)
Highway Maintenance	72,988	72,988	72,847	(141)
Other Law Enforcement	-	-	1,120	1,120
County Aid:				
Library	60,049	60,049	57,055	(2,994)
Total Intergovernmental Revenue	675,596	687,258	684,953	(2,305)
Regulation and Compliance Revenue:				
Licenses:				
Liquor and Malt Beverage	4,200	4,200	4,210	10
Operators and Occupational	1,250	1,250	1,300	50
Cigarette	40	40	60	20
Mobile Home	250	250	-	(250)
Other	1,250	1,250	1,198	(52)
Permits:				
Building and Sellers	7,025	10,833	10,833	-
Law and Ordinance Violations:				
Court Penalties and Costs	25,500	28,791	28,791	-
Parking Violations	500	500	105	(395)
Total Regulation and Compliance Revenue	40,015	47,114	46,497	(617)

**CITY OF WEYAUWEGA, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES (CONTINUED)</b>				
Public Charges for Services:				
General Government:				
License Publication Fees	\$ 300	\$ 300	\$ 266	\$ (34)
Transportation:				
Snow/Ice Control	700	700	-	(700)
Sanitation and Utilities:				
Refuse Collection	110,000	105,110	105,110	-
Leisure Activities:				
Community Projects	500	500	775	275
Library	-	7,795	7,795	-
Swimming Pool	16,000	16,000	16,520	520
Parks and Playgrounds	3,000	3,000	2,907	(93)
Total Public Charges for Services	130,500	133,405	133,373	(32)
General Revenues:				
Miscellaneous	6,100	6,100	7,590	1,490
Donations	-	-	300	300
Franchise Fees	10,800	10,800	11,878	1,078
Total General Revenues	16,900	16,900	19,768	2,868
Commercial Revenues:				
Interest on Investments	1,000	3,588	3,588	-
Interest on Special Assessments	275	275	-	(275)
Total Commercial Revenues	1,275	3,863	3,588	(275)
Total Revenues	1,490,054	1,523,795	1,522,490	(1,305)

**CITY OF WEYAUWEGA, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES</b>				
General Government:				
Legislative:				
Council	\$ 5,250	\$ 5,250	\$ 5,666	\$ (416)
Executive:				
Mayor	2,000	2,000	1,923	77
General Administration:				
Clerk and Administrator	100,318	77,712	77,712	-
Publications	3,000	3,000	3,540	(540)
Elections	3,000	400	376	24
Office Supplies	10,900	10,900	12,107	(1,207)
Advertising	1,200	1,200	2,164	(964)
Financial Administration:				
Assessment of Property	4,900	4,900	6,178	(1,278)
Deputy Clerk	25,000	25,000	25,052	(52)
Auditing	10,000	13,430	13,430	-
Legal:				
Codification	2,500	2,500	1,192	1,308
City Attorney	30,000	132,000	132,346	(346)
Building and Plant:				
Municipal Building	13,000	20,400	20,357	43
Other General Government:				
Property and Liability Insurance	30,000	34,112	34,112	-
Miscellaneous	25,014	13,800	13,793	7
Total General Government	<u>266,082</u>	<u>346,604</u>	<u>349,948</u>	<u>(3,344)</u>
Public Safety:				
Police	377,028	391,574	391,574	-
Fire:				
Fire Department	55,460	55,460	59,651	(4,191)
Ambulance Service	23,750	23,750	24,225	(475)
Building Inspector	5,300	11,032	11,032	-
Total Public Safety	<u>461,538</u>	<u>481,816</u>	<u>486,482</u>	<u>(4,666)</u>
Health and Social Services:				
Pest and Animal Control:				
Animal Pound	1,500	1,500	1,727	(227)
Total Health and Social Services	<u>1,500</u>	<u>1,500</u>	<u>1,727</u>	<u>(227)</u>

**CITY OF WEYAUWEGA, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2015  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES (CONTINUED)</b>				
Public Works:				
Streets and Related Facilities:				
Street Commissioner	\$ 46,000	\$ 46,000	\$ 44,651	\$ 1,349
Outside Engineering Service	7,000	2,757	2,757	-
Street Maintenance	10,000	13,393	13,393	-
Bridges and Culverts	500	500	-	500
Street Sweeping	9,000	4,400	400	4,000
Snow and Ice Removal	50,000	34,815	34,815	-
Street Lighting and Signs	48,500	51,082	51,082	-
Storm Sewers and Sidewalks	3,250	3,250	1,555	1,695
Sanitation:				
Recycling	25,000	25,000	18,476	6,524
Yard Waste and Weed Control	11,500	15,942	15,942	-
Tree Maintenance	3,000	7,167	7,167	-
Garbage and Refuse Collection	63,000	65,160	65,160	-
Total Public Works	<u>284,550</u>	<u>277,266</u>	<u>262,568</u>	<u>14,698</u>
Culture and Recreation:				
Culture:				
Library	165,932	163,700	163,700	-
Community Center	1,500	-	-	-
Recreation:				
Recreation Administration	1,700	1,700	1,488	212
Swimming Lake	48,500	51,704	51,704	-
Public Areas:				
Celebrations and Entertainment	8,000	6,576	6,576	-
Parks and Playgrounds	23,500	23,500	23,565	(65)
Total Culture and Recreation	<u>249,132</u>	<u>247,180</u>	<u>247,033</u>	<u>147</u>
Conservation and Development:				
Regional Planning	7,050	2,860	2,860	-
Capital Outlays:				
Library	-	-	13,291	(13,291)
Total Expenditures	<u>1,269,852</u>	<u>1,357,226</u>	<u>1,363,909</u>	<u>(6,683)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	220,202	166,569	158,581	(7,988)
<b>OTHER FINANCING USES</b>				
Transfer Out	(300,000)	(245,000)	(315,763)	(70,763)
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (79,798)</u>	<u>\$ (78,431)</u>	<u>\$ (157,182)</u>	<u>\$ (78,751)</u>

**CITY OF WEYAUWEGA, WISCONSIN  
 SCHEDULE OF PROPORTIONATE SHARE OF WISCONSIN RETIREMENT  
 SYSTEM NET PENSION PLAN ASSET  
 LAST TEN FISCAL YEARS  
 (SEE INDEPENDENT AUDITORS' REPORT)**

	2015
City's proportion of the net pension liability (asset)	0.004706%
City's proportionate share of the net pension liability (asset)	\$ (115,591)
City's covered-employee payroll	\$ 601,430
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-19.22%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%

\*Shown prospectively from year of implementation.



**CITY OF WEYAUWEGA, WISCONSIN  
SCHEDULE OF CONTRIBUTIONS TO WISCONSIN RETIREMENT  
SYSTEM PLAN ASSET  
LAST TEN FISCAL YEARS  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2015
Contractually Required Contribution	\$ 49,864
Contributions in Relation to the Contractually Required Contributions	(49,864)
Contribution Deficiency (Excess)	\$ -
 City's Covered-Employee Payroll	\$ 629,116
 Contributions as a Percentage of Covered Employee Payroll	7.93%

\*Shown prospectively from year of implementation.

**CITY OF WEYAUWEGA, WISCONSIN**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2015**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**NOTE 1 BUDGETARY INFORMATION**

Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds. A formal budget has been adopted for the all funds except for the Capital Projects and Special Revenue Funds.

The budget covers the fiscal year ending December 31 and is available for public inspection at least 15 days prior to final adoption. All annual appropriations lapse at fiscal year-end unless specifically set up as a nonlapsing appropriation. The budget is prepared on a basis consistent with generally accepted accounting principles.

**Excess of Expenditures Over Appropriations**

For the year ended December 31, 2015, expenditures exceeded appropriations in the departments for the General Fund listed as follows:

General Government	\$	3,344
Public Safety		4,666
Health and Social Services		227
Capital Outlay		13,291
Transfer Out		70,763

**Deficit Fund Balance**

The Tax Incremental Financing District No. 4 - Capital Projects Funds, Tax Incremental Financing District No. 6 - Capital Projects Funds, and Tax Incremental Financing District No. 7 – Capital Projects Funds have deficit fund balances of \$1,015,440, \$182,491, and \$72,796, respectively, as of December 31, 2015. The fund deficits are expected to be recovered through property sales and tax levies in future years.

**Limitations on the City's Tax Levy**

Wisconsin Statutes Section 66.0602 limits the City's future tax levies. Generally, the City is limited to its prior year tax levy actual dollar amount (excluding TIF Districts), increased by a valuation factor for new construction. Changes in debt service from one year to the next are generally exempt from this limit.

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF WEYAUWEGA, WISCONSIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2015  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Special Revenue CDBG	Debt Service		Capital Projects		Total
		General	TIF #3	TIF #6	TIF #7	
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 17,046	\$ 46,764	\$ -	\$ -	\$ -	\$ 63,810
Taxes Receivable	-	177,933	-	-	-	177,933
Notes Receivable	273,593	-	-	-	-	273,593
<b>Total Assets</b>	<b>\$ 290,639</b>	<b>\$ 224,697</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 515,336</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)</b>						
Liabilities:						
Advances from Other Funds	\$ 3,600	\$ -	\$ -	\$ 182,491	\$ 72,796	\$ 258,887
<b>Total Liabilities</b>	<b>3,600</b>	<b>-</b>	<b>-</b>	<b>182,491</b>	<b>72,796</b>	<b>258,887</b>
Deferred Inflows:						
Succeeding Year Property Taxes	-	177,933	-	-	-	177,933
Notes Receivable	273,593	-	-	-	-	273,593
<b>Total Deferred Inflows</b>	<b>273,593</b>	<b>177,933</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451,526</b>
Fund Balances (Deficit):						
Restricted:						
CDBG	13,446	-	-	-	-	13,446
Debt Service	-	46,764	-	-	-	46,764
Unassigned	-	-	-	(182,491)	(72,796)	(255,287)
<b>Total Fund Balances (Deficit)</b>	<b>13,446</b>	<b>46,764</b>	<b>-</b>	<b>(182,491)</b>	<b>(72,796)</b>	<b>(195,077)</b>
<b>Liabilities, Deferred Inflows, and Fund Balances (Deficit)</b>	<b>\$ 290,639</b>	<b>\$ 224,697</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 515,336</b>

**CITY OF WEYAUWEGA, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Special Revenue	Debt Service		Capital Projects		Total
	CDBG	General	TIF #3	TIF #6	TIF #7	
<b>REVENUES</b>						
Taxes	\$ -	\$ 141,377	\$ 46,702	\$ -	\$ -	\$ 188,079
General Revenues	-	-	-	-	72,175	72,175
Commercial Revenues	1,826	-	-	-	-	1,826
Total Revenues	<u>1,826</u>	<u>141,377</u>	<u>46,702</u>	<u>-</u>	<u>72,175</u>	<u>262,080</u>
<b>EXPENDITURES</b>						
Current:						
Conservation and Development	-	-	4,500	42,150	16,639	63,289
Capital Outlays	-	-	-	132,512	128,332	260,844
Debt Service:						
Principal Retirement	-	146,177	-	-	-	146,177
Interest	-	18,382	2,062	-	-	20,444
Total Expenditures	<u>-</u>	<u>164,559</u>	<u>6,562</u>	<u>174,662</u>	<u>144,971</u>	<u>490,754</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,826	(23,182)	40,140	(174,662)	(72,796)	(228,674)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer in	-	-	70,763	-	-	70,763
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>70,763</u>	<u>-</u>	<u>-</u>	<u>70,763</u>
<b>NET CHANGE IN FUND BALANCES</b>	1,826	(23,182)	110,903	(174,662)	(72,796)	(157,911)
Fund Balances (Deficits) - Beginning of Year	<u>11,620</u>	<u>69,946</u>	<u>(110,903)</u>	<u>(7,829)</u>	<u>-</u>	<u>(37,166)</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 13,446</u>	<u>\$ 46,764</u>	<u>\$ -</u>	<u>\$ (182,491)</u>	<u>\$ (72,796)</u>	<u>\$ (195,077)</u>