

CITY OF WEYAUWEGA
Weyauwega, Wisconsin

FINANCIAL STATEMENTS
December 31, 2013

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
 BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	3
Statement of Activities	4
Fund Financial Statements	
Balance Sheet - Governmental Funds	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	7
Statement of Net Position - Proprietary Funds	8
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	9
Statement of Cash Flows - Proprietary Funds.....	10
Notes to Basic Financial Statements.....	11
 REQUIRED SUPPLEMENTARY INFORMATION	37
Budgetary Comparison Schedule - General Fund.....	38
Notes to Required Supplementary Information	42



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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, and each major fund of the City of Weyauwega, Wisconsin, as of and for the year ended December 31, 2013, 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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, and each major fund of the City of Weyauwega, Wisconsin, as of December 31, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 42 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.

Clifton Larson Allen LLP

Stevens Point, Wisconsin
May 12, 2014

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 2,604,232	\$ 1,064,701	\$ 3,668,933
Restricted cash and cash equivalents	-	1,276,415	1,276,415
Temporary investments	75,427	527,356	602,783
Receivables	1,458,579	138,152	1,596,731
Inventories	-	39,664	39,664
Internal balances	(1,409,127)	1,409,127	-
Capital assets not being depreciated	100,929	327,800	428,729
Capital assets being depreciated, net of accumulated depreciation:			
Buildings and improvements	354,357	752,911	1,107,268
Machinery and equipment	270,955	2,125,570	2,396,525
Infrastructure	1,713,123	2,756,943	4,470,066
Total assets	<u>5,168,475</u>	<u>10,418,639</u>	<u>15,587,114</u>
DEFERRED OUTFLOWS			
Loss on refunding	-	143,049	143,049
LIABILITIES			
Accounts payable	52,378	63,519	115,897
Accrued expenses	81,574	26,812	108,386
Payable from restricted assets:			
Current maturities of long-term debt	-	280,776	280,776
Accrued interest	-	25,815	25,815
Noncurrent liabilities:			
Due within one year	162,463	-	162,463
Due in more than one year	751,980	3,754,732	4,506,712
Total liabilities	<u>1,048,395</u>	<u>4,151,654</u>	<u>5,200,049</u>
DEFERRED INFLOWS			
Succeeding year property taxes	901,668	-	901,668
NET POSITION			
Net investment in capital assets	1,794,269	2,274,196	3,799,117
Restricted	363,578	866,439	1,230,017
Unrestricted	1,060,565	3,269,399	4,599,312
TOTAL NET POSITION	<u>\$ 3,218,412</u>	<u>\$ 6,410,034</u>	<u>\$ 9,628,446</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF ACTIVITIES
Year Ended December 31, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government	\$ 257,871	\$ 6,723	\$ 2,503	\$ -	\$ (248,645)	\$ -	\$ (248,645)
Public safety	479,614	29,701	3,441	-	(446,472)	-	(446,472)
Health and social services	1,474	-	-	-	(1,474)	-	(1,474)
Public works	398,857	108,087	93,633	-	(197,137)	-	(197,137)
Culture and recreation	270,913	26,231	49,696	-	(194,986)	-	(194,986)
Conservation and development	8,102	-	874	-	(7,228)	-	(7,228)
Interest on long-term debt	34,841	-	-	-	(34,841)	-	(34,841)
Total governmental activities	1,451,672	170,742	150,147	-	(1,130,783)	-	(1,130,783)
BUSINESS-TYPE ACTIVITIES							
Sewer utility	781,900	912,184	-	-	-	130,284	130,284
Water utility	403,592	422,518	-	-	-	18,926	18,926
Total business-type activities	1,185,492	1,334,702	-	-	-	149,210	149,210
Total primary government	\$ 2,637,164	\$ 1,505,444	\$ 150,147	\$ -	(1,130,783)	149,210	(981,573)
GENERAL REVENUES							
Property taxes					891,939	-	891,939
Mobile home taxes					9,395	-	9,395
Franchise fees					10,415	-	10,415
State shared revenues					539,982	-	539,982
Interest and investment income					2,963	6,644	9,607
Other revenues					11,236	8,824	20,060
Total general revenues					1,465,930	15,468	1,481,398
CHANGE IN NET POSITION					335,147	164,678	499,825
NET POSITION, BEGINNING					2,883,265	6,245,356	9,128,621
NET POSITION, ENDING					\$ 3,218,412	\$ 6,410,034	\$ 9,628,446

The accompanying notes are an integral part of the basic financial statements.

CITY OF WEYAUWEGA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	Special Revenue		Debt Service		Capital Projects		Total
	General	CDBG	General	TIF #3	General	TIF #4	
ASSETS							
Cash and cash equivalents	\$ 497,802	\$ 13,350	\$ 67,615	\$ 20,895	\$ 1,345,997	\$ 658,633	\$ 2,604,232
Temporary investments	75,427	-	-	-	-	-	75,427
Taxes receivable	607,769	-	140,343	49,876	-	102,031	900,019
Accounts receivable	24,516	-	-	-	-	-	24,516
Special assessments receivable	233,698	-	-	-	-	-	233,698
Notes receivable	-	300,346	-	-	-	-	300,346
Advance to other funds	564,286	-	-	-	-	-	564,286
TOTAL ASSETS	\$ 2,003,498	\$ 313,696	\$ 207,958	\$ 70,711	\$ 1,345,997	\$ 760,664	\$ 4,702,524
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)							
Liabilities:							
Accounts payable	\$ 49,714	\$ -	\$ -	\$ -	\$ 2,664	\$ -	\$ 52,378
Accrued liabilities	19,818	-	-	-	-	-	19,818
Advances from other funds	-	3,600	-	162,997	-	1,806,816	1,973,413
Total liabilities	69,532	3,600	-	162,997	2,664	1,806,816	2,045,609
Deferred inflows:							
Succeeding year property taxes	609,418	-	140,343	49,876	-	102,031	901,668
Special assessments	233,698	-	-	-	-	-	233,698
Notes receivable	-	300,346	-	-	-	-	300,346
Total deferred inflows	843,116	300,346	140,343	49,876	-	102,031	1,435,712
Fund balances (deficit):							
Non-spendable:							
Advance to other funds	564,286	-	-	-	-	-	564,286
Restricted:							
CDBG	-	9,750	-	-	-	-	9,750
Debt service	-	-	67,615	-	-	-	67,615
Committed:							
Capital project fund	-	-	-	-	1,343,333	-	1,343,333
Assigned:							
General purposes	87,988	-	-	-	-	-	87,988
Little red school house	75,427	-	-	-	-	-	75,427
Library	89,137	-	-	-	-	-	89,137
Unassigned	274,012	-	-	(142,162)	-	(1,148,183)	(1,016,333)
Total fund balances (deficit)	1,090,850	9,750	67,615	(142,162)	1,343,333	(1,148,183)	1,221,203
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)	\$ 2,003,498	\$ 313,696	\$ 207,958	\$ 70,711	\$ 1,345,997	\$ 760,664	

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.

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

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
Accrued compensated absences
Accrued interest

2,439,364
534,044
(914,443)
(47,623)
(14,133)
\$ 3,218,412

NET POSITION OF GOVERNMENTAL ACTIVITIES

The accompanying notes are an integral part of the basic financial statements.

CITY OF WEYAUWEGA, WISCONSIN
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS
 Year Ended December 31, 2013

	Special Revenue		Debt Service		Capital Projects		Total
	General	CDBG	General	TIF #3	General	TIF #4	
REVENUES							
Taxes	\$ 615,512	\$ -	\$ 138,743	\$ 48,639	\$ -	\$ 98,440	\$ 901,334
Intergovernmental revenue	689,255	-	-	-	-	-	689,255
Regulation and compliance revenue	36,046	-	-	-	-	-	36,046
Public charges for services	134,696	-	-	-	-	-	134,696
General revenues	22,525	-	-	-	-	-	22,525
Commercial revenues	2,569	11,882	-	-	-	374	14,825
Total revenues	1,500,803	11,882	138,743	48,639	-	98,814	1,798,681
EXPENDITURES							
Current:							
General government	229,215	-	-	-	-	-	229,215
Public safety	457,857	-	-	-	-	-	457,857
Health and social services	1,474	-	-	-	-	-	1,474
Public works	305,080	-	-	-	-	-	305,080
Culture and recreation	242,418	-	-	-	-	-	242,418
Conservation and development	3,498	40,369	-	-	-	-	43,867
Capital outlays	-	-	-	-	90,353	-	90,353
Debt service:							
Principal retirement	-	-	112,924	17,308	-	25,610	155,842
Interest and fiscal charges	-	-	25,823	4,485	-	6,636	36,944
Total expenditures	1,239,542	40,369	138,747	21,793	90,353	32,246	1,563,050
Excess (deficiency) of revenues over expenditures	261,061	(28,487)	(4)	26,846	(90,353)	66,568	235,631
OTHER FINANCING SOURCES (USES)							
Transfer in	-	-	-	-	311,800	-	311,800
Transfer out	(311,800)	-	-	-	-	-	(311,800)
NET CHANGE IN FUND BALANCES	(50,739)	(28,487)	(4)	26,846	221,447	66,568	235,631
FUND BALANCES (DEFICIT), BEGINNING	1,141,589	38,237	67,619	(169,008)	1,121,866	(1,214,751)	985,572
FUND BALANCES (DEFICIT), ENDING	\$ 1,090,850	\$ 9,750	\$ 67,615	\$ (142,162)	\$ 1,343,313	\$ (1,148,183)	\$ 1,221,203

The accompanying notes are an integral part of the 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, 2013

Net change in fund balances - total governmental funds \$ 235,631

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	\$ 90,353	
Less capital outlays not capitalized	(31,972)	
Depreciation expense	<u>(125,037)</u>	(66,656)

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:

Principal repayments 155,842

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	2,103	
Compensated absences	<u>(1,995)</u>	108

Revenue had accrued on December 31, 2013, 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:

New loans issued - housing	34,734	
Loan repayments - housing	(11,862)	
Adjustment on housing loans	<u>4,028</u>	26,900

Special assessment revenue had accrued on December 31, 2013, but was not available. Consequently, this revenue was deferred in governmental funds, but is recorded as special assessments receivable on the statement net position and recognized as revenue on the statement of activities.

Write-off of special assessments (16,678)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 335,147

The accompanying notes are an integral part of the basic financial statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 240,454	\$ 824,247	\$ 1,064,701
Restricted cash and cash equivalents	1,099,358	177,057	1,276,415
Temporary investments	209,825	209,825	419,650
Customer accounts receivable	94,474	43,678	138,152
Inventories	-	39,664	39,664
Total current assets	1,644,111	1,294,471	2,938,582
Noncurrent assets:			
Temporary investments	53,853	53,853	107,706
Advance to other funds	763,922	645,205	1,409,127
Capital assets not being depreciated	321,738	6,062	327,800
Capital assets being depreciated, net of accumulated depreciation:			
Buildings and improvements	560,548	192,363	752,911
Machinery and equipment	980,070	1,145,500	2,125,570
Infrastructure	1,213,425	1,543,518	2,756,943
Total capital assets, net	3,075,781	2,887,443	5,963,224
Total noncurrent assets	3,893,556	3,586,501	7,480,057
Total assets	5,537,667	4,880,972	10,418,639
DEFERRED OUTFLOWS			
Loss on refunding	143,049	-	143,049
LIABILITIES			
Current liabilities:			
Accounts payable	27,709	35,810	63,519
Accrued employee liabilities	19,295	7,517	26,812
Liabilities payable from restricted assets:			
Current maturities of long-term debt	204,933	75,843	280,776
Accrued interest	10,615	15,200	25,815
Total current liabilities	262,552	134,370	396,922
Noncurrent liabilities:			
Long-term debt, less current maturities above	1,852,000	1,902,732	3,754,732
Total liabilities	2,114,552	2,037,102	4,151,654
NET POSITION			
Net investment in capital assets	1,208,700	1,065,496	2,274,196
Restricted	866,439	-	866,439
Unrestricted	1,491,025	1,778,374	3,269,399
TOTAL NET POSITION	\$ 3,566,164	\$ 2,843,870	\$ 6,410,034

The accompanying notes are an integral part of the basic financial statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2013

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
INCOME FROM OPERATIONS			
Customer charges for services	\$ 903,133	\$ 415,671	\$ 1,318,804
Other charges	9,051	6,847	15,898
Total income from operations	<u>912,184</u>	<u>422,518</u>	<u>1,334,702</u>
OPERATING EXPENSES			
Plant and maintenance expenses:			
Salaries, wages, and benefits	77,511	34,220	111,731
Power	30,220	43,531	73,751
Chemicals	57,641	21,469	79,110
Other operating supplies	86,529	13,320	99,849
Repairs and maintenance	102,391	47,468	149,859
Total plant and maintenance expenses	<u>354,292</u>	<u>160,008</u>	<u>514,300</u>
General expenses:			
Administrative and general salaries and benefits	42,389	32,802	75,191
Office supplies and expense	2,139	8,141	10,280
Outside services	48,794	6,600	55,394
Property and liability insurance	10,917	10,917	21,834
Transportation	-	3,297	3,297
Depreciation	198,460	89,140	287,600
Taxes	-	451	451
Miscellaneous	4,854	-	4,854
Total general expenses	<u>307,553</u>	<u>151,348</u>	<u>458,901</u>
Total operating expenses	<u>661,845</u>	<u>311,356</u>	<u>973,201</u>
Operating income	<u>250,339</u>	<u>111,162</u>	<u>361,501</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	3,627	3,017	6,644
Interest expense and fiscal charges	(120,055)	(92,236)	(212,291)
Rental income	-	8,824	8,824
Total nonoperating expenses	<u>(116,428)</u>	<u>(80,395)</u>	<u>(196,823)</u>
CHANGE IN NET POSITION	133,911	30,767	164,678
NET POSITION, BEGINNING	<u>3,432,253</u>	<u>2,813,103</u>	<u>6,245,356</u>
NET POSITION, ENDING	<u>\$ 3,566,164</u>	<u>\$ 2,843,870</u>	<u>\$ 6,410,034</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2013

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 901,133	\$ 416,173	\$ 1,317,306
Payments to suppliers	(347,184)	(101,653)	(448,837)
Payments to employees	(114,369)	(63,784)	(178,153)
Net cash provided by operating activities	<u>439,580</u>	<u>250,736</u>	<u>690,316</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(293,590)	(46,670)	(340,260)
Payment to bond escrow agent	(72,077)	-	(72,077)
Principal paid on long-term debt	(242,407)	(76,759)	(319,166)
Interest paid on long-term debt	(68,995)	(91,354)	(160,349)
Net cash used in capital and related financing activities	<u>(677,069)</u>	<u>(214,783)</u>	<u>(891,852)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of temporary investments	(2,026)	(2,026)	(4,052)
Rental income	-	8,824	8,824
Interest income	3,627	3,017	6,644
Net cash provided by investing activities	<u>1,601</u>	<u>9,815</u>	<u>11,416</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(235,888)	45,768	(190,120)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,575,700</u>	<u>955,536</u>	<u>2,531,236</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 1,339,812</u>	<u>\$ 1,001,304</u>	<u>\$ 2,341,116</u>
RECONCILED TO STATEMENT OF NET POSITION			
Unrestricted cash and cash equivalents	\$ 240,454	\$ 824,247	\$ 1,064,701
Restricted cash and cash equivalents	1,099,358	177,057	1,276,415
	<u>\$ 1,339,812</u>	<u>\$ 1,001,304</u>	<u>\$ 2,341,116</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 250,339	\$ 111,162	\$ 361,501
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	193,794	93,806	287,600
Effects of change in operating assets and liabilities:			
Receivables	(11,051)	(6,345)	(17,396)
Inventories	-	18,030	18,030
Accounts payable	967	30,845	31,812
Accrued expenses	5,531	3,238	8,769
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 439,580</u>	<u>\$ 250,736</u>	<u>\$ 690,316</u>
NON-CASH FINANCING ACTIVITY:			
The City refunded certain bond issues in the amount of \$2,120,000, through the issuance of refunding bonds in the amount of \$2,280,000.			

The accompanying notes are an integral part of the basic financial statements.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

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*.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B - Government-wide and Fund Financial Statements (Continued)

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.

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 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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.

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.

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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B - Government-wide and Fund Financial Statements (Continued)

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.

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.

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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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" (non-current 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.

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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D - Assets, Liabilities, and Equity (Continued)

Receivables and Payables (Continued)

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 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, 2013

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 of Weyauwega 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 |

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.

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 board.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D - Assets, Liabilities, and Equity (Continued)

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.

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 the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consists of net position that are restricted by the City's creditors (for example, through debt covenants), by state enabling legislation, by grantors, and by other contributors.
- Unrestricted - all other net position are reported in this category.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D - Assets, Liabilities, and Equity (Continued)

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, 2013, 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 Clerk 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, 2013

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, 2013, expenditures exceeded appropriations in the departments for the General Fund listed as follows:

Public safety	\$ 7,659
Public works	25,330
Culture and recreation	1,094

Deficit Fund Balance

The Tax Incremental Financial District No. 3 Debt Service and Tax Incremental Financing District No. 4 Capital Projects Funds have deficit fund balances of \$142,162 and \$1,148,183, respectively, as of December 31, 2013. 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, 2013

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	595,746	Custodial credit
Certificates of deposit	602,783	Custodial credit
Total deposits	1,198,529	
Investments:		
Local government investment pool (LGIP)	3,537,949	Credit, interest rate
Wisconsin Investment Series Cooperative (WISC)	810,593	Credit, interest rate
Total investments	4,348,542	
Total deposits and investments	\$ 5,548,131	
Reconciliation to the Statement of Net Position:		
Cash and cash equivalents	\$ 3,668,933	
Restricted cash and cash equivalents	1,276,415	
Temporary investments	602,783	
Total cash and investments	\$ 5,548,131	

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, 2013, the carrying amount of the City's deposits was \$1,198,529 and the bank balance was \$1,235,600. Of the bank balance, \$665,524 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, 2013, 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, 2013

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 7 years, if that security has a rating which is the highest or 2nd 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, 2013, 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, 2013, 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, 2013

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, 2013, the City had \$3,537,949 invested in LGIP, which is not rated. The average maturity date for investments held by the LGIP is 89 days, but funds are available to the City in full on one day's notice. The City had \$810,593 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's notice.

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

B - Restricted Cash

Cash restricted in the business-type activities is restricted for the payment of currently maturing debt service and annual fiscal fees on long-term debt in the amount of \$409,976. There is also \$866,439 restricted for future asset replacement. These are reported with current assets.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C - Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

<u>Governmental Activities</u>	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance 12/31/13</u>
Capital assets not being depreciated:				
Land	\$ 94,929	\$ -	\$ -	\$ 94,929
Construction in progress	-	6,000	-	6,000
Total capital assets not being depreciated	<u>94,929</u>	<u>6,000</u>	<u>-</u>	<u>100,929</u>
Capital assets being depreciated:				
Buildings and improvements	873,981	-	-	873,981
Machinery and equipment	920,481	52,381	24,727	948,135
Infrastructure	2,106,771	-	-	2,106,771
Total capital assets being depreciated	<u>3,901,233</u>	<u>52,381</u>	<u>24,727</u>	<u>3,928,887</u>
Less accumulated depreciation:				
Buildings and improvements	497,872	21,752	-	519,624
Machinery and equipment	644,963	56,944	24,727	677,180
Infrastructure	347,307	46,341	-	393,648
Total accumulated depreciation	<u>1,490,142</u>	<u>125,037</u>	<u>24,727</u>	<u>1,590,452</u>
Total capital assets being depreciated, net	<u>2,411,091</u>	<u>(72,656)</u>	<u>-</u>	<u>2,338,435</u>
Governmental activities capital assets, net	<u>\$ 2,506,020</u>	<u>\$ (66,656)</u>	<u>\$ -</u>	<u>\$ 2,439,364</u>

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

Governmental activities:	
General government	\$ 8,463
Public safety	18,254
Public works	73,327
Culture and recreation	21,996
Community development and conservation	<u>2,997</u>
Total depreciation expense - governmental activities	<u>\$ 125,037</u>

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

C - Capital Assets (Continued)

<u>Business-type Activities</u>	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Removals</u>	<u>Balance 12/31/13</u>
Capital assets not being depreciated:				
Land	\$ 34,210	\$ -	\$ -	\$ 34,210
Construction in progress	-	293,590	-	293,590
Total capital assets not being depreciated	<u>34,210</u>	<u>293,590</u>	<u>-</u>	<u>327,800</u>
Capital assets being depreciated:				
Buildings and improvements	1,502,802	-	-	1,502,802
Machinery and equipment	4,773,446	46,670	22,100	4,798,016
Infrastructure	3,852,457	-	-	3,852,457
Total capital assets being depreciated	<u>10,128,705</u>	<u>46,670</u>	<u>22,100</u>	<u>10,153,275</u>
Less accumulated depreciation:				
Buildings and improvements	710,665	39,226	-	749,891
Machinery and equipment	2,498,682	195,864	22,100	2,672,446
Infrastructure	1,043,004	52,510	-	1,095,514
Total accumulated depreciation	<u>4,252,351</u>	<u>287,600</u>	<u>22,100</u>	<u>4,517,851</u>
Total capital assets being depreciated, net	<u>5,876,354</u>	<u>(240,930)</u>	<u>-</u>	<u>5,635,424</u>
Business-type activities capital assets, net	<u>\$ 5,910,564</u>	<u>\$ 52,660</u>	<u>\$ -</u>	<u>\$ 5,963,224</u>

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

Business-type activities:	
Sewer Utility	\$ 198,460
Water Utility	<u>89,140</u>
Total depreciation expense - business-type activities	<u>\$ 287,600</u>

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

D - Interfund Balances

The composition of interfund activity as of December 31, 2013, is as follows:

<u>Advance From</u>	<u>Advance To</u>	<u>Amount</u>
General	TIF No. 3	\$ 162,997
General	TIF No. 4	397,689
General	CDGB	3,600
Water	TIF No. 4	645,205
Sewer	TIF No. 4	<u>763,922</u>
Total		<u>\$ 1,973,413</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.

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, 2013, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Projects	General Fund	<u>\$ 311,800</u>

The transfer from the General Fund to the Capital Projects fund is for budgetary transfers for long-term capital needs.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E - Long-term Obligations

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

<u>Governmental Activities</u>	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/13</u>	<u>Amount Due in One Year</u>
(1) 2003 G.O. Refunding Bonds	\$ 615,000	\$ -	\$ 105,000	\$ 510,000	\$ 105,000
(2) 2010 G.O. Refunding Bonds	455,285	-	50,842	404,443	57,463
	1,070,285	-	155,842	914,443	162,463
(3) Compensated absences	45,628	22,375	20,380	47,623	47,623
Total governmental activity long-term obligations	\$ 1,115,913	\$ 22,375	\$ 176,222	\$ 962,066	\$ 210,086
<u>Business-type Activities:</u>	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/13</u>	<u>Amount Due in One Year</u>
(4) 2006 Sewer Revenue Bonds	\$ 1,640,000	\$ -	\$ 1,640,000	\$ -	\$ -
(2) 2010 G.O. Refunding Bonds	574,715	-	560,711	14,004	1,989
(5) 2011 Water Revenue Bonds	2,060,000	-	75,000	1,985,000	75,000
(6) 2013A Taxable Sewer Rev Refunding Bonds	-	2,280,000	180,000	2,100,000	210,000
	4,274,715	2,280,000	2,455,711	4,099,004	286,989
Less unamortized bond discount	(28,413)	(45,600)	(10,517)	(63,496)	(6,213)
	4,246,302	2,234,400	2,445,194	4,035,508	280,776
(3) Compensated absences	13,303	10,456	7,390	16,369	16,369
Total business-type activity long-term obligations	\$ 4,259,605	\$ 2,244,856	\$ 2,452,584	\$ 4,051,877	\$ 297,145

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, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E - Long-term Obligations (Continued)

- (1) \$ 510,000 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) \$ 418,447 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 (15%), TIF #3 (33%), TIF #4 (49%), and Water Fund (3%).
- (3) \$ 63,992 Accumulated unused sick pay up to a maximum of 90 days (720 hours); payable upon retirement, death, or disability.
- (4) \$ - Original issue dated December 1, 2006. Refinanced in 2013.
- (5) \$1,985,000 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) \$2,100,000 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.

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 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 in compliance with these rate covenants.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E - Long-term Obligations (Continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 167,463	\$ 31,662	\$ 199,125
2015	176,883	25,644	202,527
2016	194,094	18,731	212,825
2017	194,782	10,950	205,732
2018	41,992	6,180	48,172
2019-2022	<u>139,229</u>	<u>9,627</u>	<u>148,856</u>
Total	<u>\$ 914,443</u>	<u>\$ 102,794</u>	<u>\$ 1,017,237</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 291,989	\$ 151,423	\$ 443,412
2015	297,143	145,021	442,164
2016	312,219	137,356	449,575
2017	316,377	128,657	445,034
2018	326,454	118,954	445,408
2019-2023	1,484,822	415,841	1,900,663
2024-2028	625,000	206,066	831,066
2029-2031	<u>445,000</u>	<u>37,855</u>	<u>482,855</u>
Total	<u>\$ 4,099,004</u>	<u>\$ 1,341,173</u>	<u>\$ 5,440,177</u>

The 2013 equalized valuation of the City, as certified by the Wisconsin Department of Revenue, is \$88,041,700. The legal general obligation debt limit and margin of indebtedness as of December 31, 2013, in accordance with the Wisconsin Statutes follows:

Debt limit (5% of \$88,041,700)	\$ 4,402,085
Deduct long-term debt applicable to debt margin	<u>928,447</u>
Margin of indebtedness	<u>\$ 3,473,638</u>

**CITY OF WEYAUWEGA, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

E - Long-term Obligations (Continued)

Advance Refunding

On March 14, 2013, the City issued \$2,280,000 in taxable sewer revenue refunding bonds with interest rates ranging between 1.00% and 4.00%. The City issued the bonds to advance refund \$1,640,000 of the outstanding 2006 sewer revenue bonds with variable interest rates between 3.80% and 4.20% and \$480,000 of the outstanding 2010 general obligation sewer refunding bonds with variable interest rates ranging between 2.00% and 4.10%. The City used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of these bonds. As a result, the bonds are considered defeased, and the City has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$1,965,000 at December 31, 2013.

The advance refunding resulted in an increase in the cash flow requirements of \$121,146 and an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$158,582.

F - Fund Balances / Net Position

As of December 31, 2013, the City has the following assignments of fund balance:

General purposes:	
Accumulated sick leave	\$ 47,623
Industrial development	36,788
Fire equipment	<u>3,577</u>
	87,988
Little red school house	8,184
Library	<u>89,137</u>
Total assigned fund balance	<u>\$ 185,309</u>

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F - Fund Balances / Net Position (Continued)

Net position reported on the government-wide statement of net position as of December 31, 2013, includes the following:

Governmental Activities

Net investment in capital assets:	
Capital assets not being depreciated	\$ 100,929
Capital assets, net of accumulated depreciation	2,338,435
Adjusted for:	
Outstanding capital related debt	(914,443)
Utility capital assets funded by City	<u>269,348</u>
Net investment in capital assets	<u>1,794,269</u>
Restricted net assets:	
Restricted for block grant	310,096
Restricted for debt service	<u>53,482</u>
Total restricted	363,578
Unrestricted	<u>1,060,565</u>
Total Governmental Activities Net Position	<u>\$ 3,218,412</u>

Business-Type Activities

Net investment in capital assets:	
Capital assets not being depreciated	\$ 327,800
Capital assets, net of accumulated depreciation	5,635,424
Adjusted for:	
Outstanding capital related debt	(4,099,004)
Utility reserves	<u>409,976</u>
Net investment in capital assets	2,274,196
Restricted for equipment replacement	866,439
Unrestricted	<u>3,269,399</u>
Total Business-Type Activities Net Position	<u>\$ 6,410,034</u>

CITY OF WEYAUWEGA, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

F - Fund Balances / Net Position (Continued)

Total Net Position

Net investment in capital assets:	
Total capital assets not being depreciated	\$ 428,729
Total capital assets, net of accumulated depreciation	7,973,859
Adjusted for:	
Total outstanding capital related debt	(5,013,447)
Utility reserves	<u>409,976</u>
Net investment in capital assets	<u>3,799,117</u>
Total restricted	<u>1,230,017</u>
Total unrestricted:	
Governmental activities unrestricted net assets	1,060,565
Business-type activities unrestricted net assets	3,269,399
Adjusted for:	
Utility capital assets funded by City	<u>269,348</u>
Total unrestricted	<u>4,599,312</u>
Total Net Position	<u>\$ 9,628,446</u>

**CITY OF WEYAUWEGA, WISCONSIN
 NOTES TO BASIC FINANCIAL STATEMENTS
 December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

G - Defined Benefit Pension Plan

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one year from employee's date of hire, are eligible to participate in WRS. 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, and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General employment category, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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.

Contribution rates for 2013 were:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

G - Defined Benefit Pension Plan (Continued)

The payroll for the City employees covered by the WRS for the year ended December 31, 2013, was \$538,393; the employer's total payroll was \$633,132. The total required contribution for the year ended December 31, 2013, was \$78,225, which consisted of \$42,422 or 7.9% of payroll from the employer and \$35,803 or 6.7% of payroll from employees. Total contributions for the years ending 2012 and 2011 were \$64,124 and \$63,373, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for Elected Officials and 54 for Protective Occupation employees with less than 25 years of service, 53 for Protective Occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for Protective Occupation employees) and receive actuarially reduced benefits. 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 employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. 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 through June 30, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 2, 2011, must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. 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, Wisconsin 53707-7931

H - 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.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

I - Tax Incremental Financing District

The following is the cumulative status of Tax Incremental Financing Districts (TIF) No. 3 and 4 as of December 31, 2013:

	<u>TIF #3</u>	<u>TIF#4</u>
Revenues:		
Tax increment	\$ 704,513	\$ 763,458
Other	<u>96,420</u>	<u>48,411</u>
Total revenues	<u>800,933</u>	<u>811,869</u>
Expenditures:		
Project costs	749,838	1,907,892
Interest, discounts, and other debt costs	330,949	177,608
Administration	<u>-</u>	<u>78,295</u>
Total expenditures	<u>1,080,787</u>	<u>2,163,795</u>
Amount to be recovered through future tax increments	<u>\$ (279,854)</u>	<u>\$ (1,351,926)</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.

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

J - 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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 - DETAILED NOTES ON ALL FUNDS (CONTINUED)

K - Customer Concentration

The City Water and Sewer Utility include charges to one customer during 2013 that total 44% of total combined revenue of the Utility. At December 31, 2013, the amount owed to the Utility by this customer totaled \$46,075.

L - 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.

This information is an integral part of the accompanying basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEYAUWEGA, WISCONSIN
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
General property tax	\$ 606,117	\$ 606,117	\$ 606,117	\$ -
Mobile home parking fees	9,600	9,600	9,395	(205)
Total taxes	<u>615,717</u>	<u>615,717</u>	<u>615,512</u>	<u>(205)</u>
Special assessments	<u>2,631</u>	<u>2,631</u>	<u>-</u>	<u>(2,631)</u>
Intergovernmental revenue:				
State aid:				
Shared taxes	511,186	511,186	511,567	381
Expenditure restraint	28,415	28,415	28,415	-
Recycling grants	3,750	3,750	3,796	46
Computer aid	2,300	2,300	2,503	203
Fire insurance	3,000	3,000	3,441	441
Highway maintenance	89,837	89,837	89,837	-
Park grant	2,981	2,981	-	(2,981)
County aid:				
Library	<u>49,600</u>	<u>49,600</u>	<u>49,696</u>	<u>96</u>
Total intergovernmental revenue	<u>691,069</u>	<u>691,069</u>	<u>689,255</u>	<u>(1,814)</u>
Regulation and compliance revenue:				
Licenses:				
Liquor and malt beverage	4,200	4,200	3,780	(420)
Operators and occupational	1,250	1,250	1,270	20
Cigarette	40	40	30	(10)
Mobile home	250	250	25	(225)
Bicycle	-	-	60	60
Other	1,050	1,050	1,180	130
Permits:				
Building and sellers	7,025	7,025	7,615	590
Law and ordinance violations:				
Court penalties and costs	23,000	23,000	21,416	(1,584)
Parking violations	<u>300</u>	<u>300</u>	<u>670</u>	<u>370</u>
Total regulation and compliance revenue	<u>37,115</u>	<u>37,115</u>	<u>36,046</u>	<u>(1,069)</u>

CITY OF WEYAUWEGA, WISCONSIN
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES (CONTINUED)				
Public charges for services:				
General government:				
License publication fees	\$ 60	\$ 60	\$ 378	\$ 318
Sanitation and utilities:				
Refuse collection	100,000	100,000	107,337	7,337
Snow/ice control	500	500	750	250
Weed control	-	-	134	134
Leisure activities:				
Community projects	460	460	565	105
Library	-	-	7,207	7,207
Swimming pool	15,000	15,000	15,507	507
Parks and playgrounds	2,000	2,000	2,818	818
Total public charges for services	<u>118,020</u>	<u>118,020</u>	<u>134,696</u>	<u>16,676</u>
General revenues:				
Miscellaneous	3,000	3,000	11,236	8,236
Donations	-	-	874	874
Franchise fees	7,000	7,000	10,415	3,415
Total general revenues	<u>10,000</u>	<u>10,000</u>	<u>22,525</u>	<u>12,525</u>
Commercial revenues:				
Interest on investments	500	500	2,569	2,069
Interest on special assessments	275	275	-	(275)
Total commercial revenues	<u>775</u>	<u>775</u>	<u>2,569</u>	<u>1,794</u>
Total revenues	<u>1,475,327</u>	<u>1,475,327</u>	<u>1,500,603</u>	<u>25,276</u>

CITY OF WEYAUWEGA, WISCONSIN
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government:				
Legislative:				
Council	\$ 10,500	\$ 10,500	\$ 10,658	\$ (158)
Executive:				
Mayor	4,000	4,000	3,015	985
General administration:				
Clerk and administrator	103,078	103,078	97,352	5,726
Publications	5,000	5,000	2,414	2,586
Elections	3,000	3,000	756	2,244
Office supplies	10,900	10,900	7,247	3,653
Advertising	1,000	1,000	700	300
Financial administration:				
Assessment of property	4,900	4,900	5,114	(214)
Deputy clerk	28,060	28,060	28,227	(167)
Auditing	10,000	10,000	5,150	4,850
Legal:				
Codification	2,500	2,500	1,787	713
City attorney	16,000	16,000	7,759	8,241
Building and plant:				
Municipal building	10,000	10,000	16,959	(6,959)
Other general government:				
Property and liability insurance	24,000	24,000	21,771	2,229
Miscellaneous	25,169	25,169	20,242	4,927
Sales tax	500	500	64	436
Total general government	<u>258,607</u>	<u>258,607</u>	<u>229,215</u>	<u>29,392</u>
Public safety:				
Police	355,771	355,771	358,128	(2,357)
Fire:				
Fire department	45,281	45,281	48,230	(2,949)
Ambulance service	43,846	43,846	43,846	-
Building inspector	5,300	5,300	7,653	(2,353)
Total public safety	<u>450,198</u>	<u>450,198</u>	<u>457,857</u>	<u>(7,659)</u>
Health and social services:				
General health:				
Health regulation and inspection	300	300	-	300
Pest and animal control:				
Animal pound	3,000	3,000	1,474	1,526
Total health and social services	<u>3,300</u>	<u>3,300</u>	<u>1,474</u>	<u>1,826</u>

CITY OF WEYAUWEGA, WISCONSIN
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Public works:				
General public works:				
Public works director	\$ -	\$ -	3,299	\$ (3,299)
Machinery and equipment	4,800	4,800	3,953	847
Garage and sheds	3,000	3,000	3,291	(291)
Streets and related facilities:				
Street commissioner	44,300	44,300	51,578	(7,278)
Outside engineering service	10,000	10,000	6,358	3,642
Street maintenance	10,000	10,000	4,483	5,517
Bridges and culverts	500	500	332	168
Street sweeping	9,000	9,000	7,975	1,025
Snow and ice removal	50,000	50,000	67,076	(17,076)
Street lighting and signs	48,500	48,500	48,517	(17)
Storm sewers	2,750	2,750	5,991	(3,241)
Sanitation:				
Recycling	16,000	16,000	17,019	(1,019)
Yard waste and weed control	6,500	6,500	13,045	(6,545)
Tree maintenance	3,000	3,000	3,391	(391)
Garbage and refuse collection	71,400	71,400	68,772	2,628
Total public works	<u>279,750</u>	<u>279,750</u>	<u>305,080</u>	<u>(25,330)</u>
Culture and recreation:				
Culture:				
Library	154,624	154,624	158,019	(3,395)
Community center	1,500	1,500	1,870	(370)
Recreation:				
Recreation administration	1,200	1,200	2,642	(1,442)
Swimming pool	52,500	52,500	51,252	1,248
Public areas:				
Celebrations and entertainment	8,000	8,000	6,919	1,081
Parks and playgrounds	23,500	23,500	21,716	1,784
Total culture and recreation	<u>241,324</u>	<u>241,324</u>	<u>242,418</u>	<u>(1,094)</u>
Conservation and development:				
Regional planning	5,750	5,750	3,048	2,702
Industrial development	1,000	1,000	450	550
Total conservation and development	<u>6,750</u>	<u>6,750</u>	<u>3,498</u>	<u>3,252</u>
Total expenditures	<u>1,239,929</u>	<u>1,239,929</u>	<u>1,239,542</u>	<u>387</u>
Excess of revenues over expenditures	235,398	235,398	261,061	25,663
OTHER FINANCING USES				
Transfer out	<u>(311,800)</u>	<u>(311,800)</u>	<u>(311,800)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (76,402)</u>	<u>\$ (76,402)</u>	<u>\$ (50,739)</u>	<u>\$ 25,663</u>

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2013**

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, 2013, expenditures exceeded appropriations in the departments for the General Fund listed as follows:

Public safety	\$	7,659
Public works		25,330
Culture and recreation		1,094

Deficit Fund Balance

The Tax Incremental Financial District No. 3 Debt Service and Tax Incremental Financing District No. 4 Capital Projects Funds have deficit fund balances of \$142,162 and \$1,148,183, respectively, as of December 31, 2013. 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.