

CITY OF WEYAUWEGA, WISCONSIN

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2016

**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, 2016, 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, 2016, 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 42 through 45 and WRS pension plan schedules on pages 46 through 47 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.

Supplementary 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 49 and 50 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Members of the City Council
City of Weyauwega

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
July 20, 2017

**CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,442,128	\$ 1,317,553	\$ 2,759,681
Restricted Cash and Cash Equivalents	-	1,387,753	1,387,753
Temporary Investments	77,781	215,662	293,443
Receivables	1,528,625	150,960	1,679,585
Inventories	-	69,478	69,478
Prepays	3,785	-	3,785
Internal Balances	(1,409,127)	1,409,127	-
Capital Assets Not Being Depreciated	379,250	6,091,268	6,470,518
Capital Assets Being Depreciated, Net of Accumulated Depreciation:			
Buildings and Improvements	3,743,418	635,233	4,378,651
Machinery and Equipment	333,162	1,693,544	2,026,706
Infrastructure	2,125,117	3,046,305	5,171,422
Total Assets	<u>8,224,139</u>	<u>16,016,883</u>	<u>24,241,022</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	-	103,590	103,590
Wisconsin Retirement System Pension Related	319,553	128,026	447,579
Total Deferred Outflows of Resources	<u>319,553</u>	<u>231,616</u>	<u>551,169</u>
LIABILITIES			
Accounts Payable	183,937	98,269	282,206
Accrued Expenses	105,027	37,497	142,524
Payable from Restricted Assets:			
Current Maturities of Long-Term Debt	-	316,507	316,507
Accrued Interest	48,074	54,256	102,330
Noncurrent Liabilities:			
Due within One Year	198,493	7,275,969	7,474,462
Due in More than One Year	3,317,005	1,639,536	4,956,541
Wisconsin Retirement System Net Pension Liability	55,544	25,049	80,593
Total Liabilities	<u>3,908,080</u>	<u>9,447,083</u>	<u>13,355,163</u>
DEFERRED INFLOWS OF RESOURCES			
Succeeding Year Property Taxes	988,541	-	988,541
Wisconsin Retirement System Pension Related	127,549	52,018	179,567
Total Deferred Inflows of Resources	<u>1,116,090</u>	<u>52,018</u>	<u>1,168,108</u>
NET POSITION			
Net Investment in Capital Assets	3,147,310	2,750,505	5,815,954
Restricted	287,057	975,191	1,262,248
Unrestricted	85,155	3,023,702	3,190,718
Total Net Position	<u>\$ 3,519,522</u>	<u>\$ 6,749,398</u>	<u>\$ 10,268,920</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016**

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
GOVERNMENTAL ACTIVITIES							
General Government	\$ 412,550	\$ 6,899	\$ 2,334	\$ -	\$ (403,317)	\$ -	\$ (403,317)
Public Safety	533,093	33,895	-	-	(499,198)	-	(499,198)
Health and Social Services	1,126	-	-	-	(1,126)	-	(1,126)
Public Works	476,789	108,121	74,993	-	(293,675)	-	(293,675)
Culture and Recreation	282,824	25,958	56,774	-	(200,092)	-	(200,092)
Conservation and Development	(63)	-	-	-	63	-	63
Interest on Long-Term Debt	147,972	-	-	-	(147,972)	-	(147,972)
Total Governmental Activities	1,854,291	174,873	134,101	-	(1,545,317)	-	(1,545,317)
BUSINESS-TYPE ACTIVITIES							
Sewer Utility	972,118	1,024,536	-	-	-	52,418	52,418
Water Utility	415,511	419,988	-	-	-	4,477	4,477
Total Business-Type Activities	1,387,629	1,444,524	-	-	-	56,895	56,895
Total Primary Government	<u>\$ 3,241,920</u>	<u>\$ 1,619,397</u>	<u>\$ 134,101</u>	<u>\$ -</u>	(1,545,317)	56,895	(1,488,422)
GENERAL REVENUES							
Property Taxes					857,486	-	857,486
Mobile Home Taxes					10,107	-	10,107
Franchise Fees					11,490	-	11,490
State Shared Revenues					544,665	-	544,665
Interest and Investment Income					8,069	16,207	24,276
Other Revenues					32,525	-	32,525
Total General Revenues					<u>1,464,342</u>	<u>16,207</u>	<u>1,480,549</u>
CHANGE IN NET POSITION							
					(80,975)	73,102	(7,873)
Net Position - Beginning of Year					<u>3,600,497</u>	<u>6,676,296</u>	<u>10,276,793</u>
NET POSITION - END OF YEAR							
					<u>\$ 3,519,522</u>	<u>\$ 6,749,398</u>	<u>\$ 10,268,920</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	General	Capital Projects		Debt Service	Other	Total
		General	TIF #4	General	Nonmajor Funds	
ASSETS						
Cash and Cash Equivalents	\$ 468,822	\$ 674,262	\$ 256,589	\$ 23,581	\$ 18,874	\$ 1,442,128
Temporary Investments	77,781	-	-	-	-	77,781
Taxes Receivable	508,121	-	90,970	285,731	102,339	987,161
Accounts Receivable	38,652	-	-	-	-	38,652
Special Assessments Receivable	231,029	-	-	-	-	231,029
Notes Receivable	-	-	-	-	271,783	271,783
Prepaid Expenses	3,785	-	-	-	-	3,785
Advance to Other Funds	347,127	-	-	-	-	347,127
Total Assets	\$ 1,675,317	\$ 674,262	\$ 347,559	\$ 309,312	\$ 392,996	\$ 3,399,446
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)						
Liabilities:						
Accounts Payable	\$ 59,058	\$ 116,269	\$ 7,350	\$ -	\$ 1,260	\$ 183,937
Accrued Liabilities	30,621	-	-	-	-	30,621
Advances from Other Funds	-	-	1,454,187	-	302,067	1,756,254
Total Liabilities	89,679	116,269	1,461,537	-	303,327	1,970,812
Deferred Inflows of Resources:						
Succeeding Year Property Taxes	509,501	-	90,970	285,731	102,339	988,541
Special Assessments	231,029	-	-	-	-	231,029
Notes Receivable	-	-	-	-	271,783	271,783
Total Deferred Inflows of Resources	740,530	-	90,970	285,731	374,122	1,491,353
Fund Balances (Deficit):						
Non-Spendable:						
Prepaid Expenses	3,785	-	-	-	-	3,785
Advance to Other Funds	347,127	-	-	-	-	347,127
Restricted:						
CDBG	-	-	-	-	15,274	15,274
Debt Service	-	-	-	23,581	-	23,581
Committed:						
Capital Project Fund	-	557,993	-	-	-	557,993
Assigned:						
General Purposes	115,028	-	-	-	-	115,028
Little Red School House	8,238	-	-	-	-	8,238
Library	96,612	-	-	-	-	96,612
Unassigned	274,318	-	(1,204,948)	-	(299,727)	(1,230,357)
Total Fund Balances (Deficit)	845,108	557,993	(1,204,948)	23,581	(284,453)	(62,719)
Liabilities, Deferred Inflows, and Fund Balances (Deficit)	\$ 1,675,317	\$ 674,262	\$ 347,559	\$ 309,312	\$ 392,996	

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.	6,580,947
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred.	502,812
Net Wisconsin Retirement System net pension liability and related deferred outflows and inflows are recorded only on the statement of net position. Balances at year-end are:	
Net Pension Asset (Liability)	(55,544)
Deferred Outflows of Resources	319,553
Deferred Inflows of Resources	(127,549)
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	(3,515,498)
Accrued Compensated Absences	(74,406)
Accrued Interest	(48,074)
Net Position of Governmental Activities	\$ 3,519,522

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, 2016

	General	Capital Projects		Debt Service	Other Nonmajor	Total
		General	TIF #4	General	Funds	
REVENUES						
Taxes	\$ 586,834	\$ -	\$ 102,826	\$ 177,933	\$ -	\$ 867,593
Special Assessments	2,283	-	-	-	-	2,283
Intergovernmental Revenue	678,256	-	-	-	-	678,256
Regulation and Compliance Revenue	40,737	-	-	-	-	40,737
Public Charges for Services	134,136	-	-	-	-	134,136
General Revenues	44,525	-	-	-	-	44,525
Commercial Revenues	6,569	-	1,482	-	1,828	9,879
Total Revenues	1,493,340	-	104,308	177,933	1,828	1,777,409
EXPENDITURES						
Current:						
General Government	288,114	3,402	22,543	-	24,966	339,025
Public Safety	496,744	-	-	-	-	496,744
Health and Social Services	1,126	-	-	-	-	1,126
Public Works	275,229	-	-	-	-	275,229
Culture and Recreation	238,125	-	-	-	-	238,125
Conservation and Development	2,860	-	1,655	-	1,426	5,941
Capital Outlays	-	2,226,864	230,721	-	18,048	2,475,633
Debt Service:						
Principal Retirement	-	-	34,083	163,575	-	197,658
Interest	-	-	4,814	58,274	-	63,088
Bond Issuance Costs	-	-	-	68,660	-	68,660
Total Expenditures	1,302,198	2,230,266	293,816	290,509	44,440	4,161,229
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	191,142	(2,230,266)	(189,508)	(112,576)	(42,612)	(2,383,820)
OTHER FINANCING SOURCES (USES)						
Proceeds on the Issuance of Refunding Bonds	-	-	-	3,095,000	-	3,095,000
Payment of Refunded Debt	-	-	-	(3,040,000)	-	(3,040,000)
Premium on Bonds Issued	-	-	-	34,393	-	34,393
Proceeds on Sale of Capital Assets	-	8,980	-	-	-	8,980
Transfer In	-	235,000	-	-	-	235,000
Transfer Out	(235,000)	-	-	-	-	(235,000)
Total Other Financing Sources (Uses)	(235,000)	243,980	-	89,393	-	98,373
NET CHANGE IN FUND BALANCES	(43,858)	(1,986,286)	(189,508)	(23,183)	(42,612)	(2,285,447)
Fund Balances (Deficits) - Beginning of Year	888,966	2,544,279	(1,015,440)	46,764	(241,841)	2,222,728
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 845,108</u>	<u>\$ 557,993</u>	<u>\$ (1,204,948)</u>	<u>\$ 23,581</u>	<u>\$ (284,453)</u>	<u>\$ (62,719)</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, 2016**

Net Change in Fund Balances - Total Governmental Funds \$ (2,285,447)

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	\$ 2,475,633	
Less Capital Outlays Not Capitalized	(137,687)	
Depreciation Expense	<u>(186,013)</u>	2,151,933

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 liability and related deferred outflows and inflows of resources.

(33,264)

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:

Proceeds from Refunding Bonds	(3,095,000)	
Principal Repayments	3,237,658	
Debt Premium	(34,393)	
Amortization of Debt Premium	<u>860</u>	109,125

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	(17,084)	
Compensated Absences	<u>(1,574)</u>	(18,658)

Revenue had accrued on December 31, 2016, 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	(2,283)	
Adjustment on Special Assessments	(571)	
Loan Repayments - Housing	<u>(1,810)</u>	<u>(4,664)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (80,975)</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016**

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 807,690	\$ 509,863	\$ 1,317,553
Restricted Cash and Cash Equivalents	1,209,573	178,180	1,387,753
Temporary Investments	52,051	52,051	104,102
Customer Accounts Receivable	112,429	38,531	150,960
Inventories	-	69,478	69,478
Total Current Assets	<u>2,181,743</u>	<u>848,103</u>	<u>3,029,846</u>
Noncurrent Assets:			
Temporary Investments	55,780	55,780	111,560
Advance to Other Funds	763,922	645,205	1,409,127
Capital Assets Not Being Depreciated	6,072,765	18,503	6,091,268
Capital Assets Being Depreciated, Net of Accumulated Depreciation:			
Buildings and Improvements	470,716	164,517	635,233
Machinery and Equipment	655,389	1,038,155	1,693,544
Infrastructure	1,390,461	1,655,844	3,046,305
Total Capital Assets, Net	<u>8,589,331</u>	<u>2,877,019</u>	<u>11,466,350</u>
Total Noncurrent Assets	<u>9,409,033</u>	<u>3,578,004</u>	<u>12,987,037</u>
Total Assets	<u>11,590,776</u>	<u>4,426,107</u>	<u>16,016,883</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	103,590	-	103,590
Wisconsin Retirement System Pension Related	83,854	44,172	128,026
Total Deferred Outflows of Resources	<u>187,444</u>	<u>44,172</u>	<u>231,616</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	91,976	6,293	98,269
Accrued Employee Liabilities	27,861	9,636	37,497
Current Maturities of Long-Term Debt	7,275,969	-	7,275,969
Liabilities Payable from Restricted Assets:			
Current Maturities of Long-Term Debt	225,000	91,507	316,507
Accrued Interest	40,232	14,024	54,256
Total Current Liabilities	<u>7,661,038</u>	<u>121,460</u>	<u>7,782,498</u>
Noncurrent Liabilities:			
Long-Term Debt, Less Current Maturities	-	1,639,536	1,639,536
Wisconsin Retirement System Net Pension Liability	16,435	8,614	25,049
Total Noncurrent Liabilities	<u>16,435</u>	<u>1,648,150</u>	<u>1,664,585</u>
Total Liabilities	<u>7,677,473</u>	<u>1,769,610</u>	<u>9,447,083</u>
DEFERRED INFLOWS OF RESOURCES			
Wisconsin Retirement System Pension Related	34,080	17,938	52,018
NET POSITION			
Net Investment in Capital Assets	1,426,349	1,324,156	2,750,505
Restricted	975,191	-	975,191
Unrestricted	1,665,127	1,358,575	3,023,702
Total Net Position	<u>\$ 4,066,667</u>	<u>\$ 2,682,731</u>	<u>\$ 6,749,398</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, 2016

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
INCOME FROM OPERATIONS			
Customer Charges for Services	\$ 1,002,602	\$ 413,544	\$ 1,416,146
Other Charges	21,934	6,444	28,378
Total Income from Operations	<u>1,024,536</u>	<u>419,988</u>	<u>1,444,524</u>
OPERATING EXPENSES			
Plant and Maintenance Expenses:			
Salaries, Wages, and Benefits	139,256	56,971	196,227
Power	15,168	49,650	64,818
Chemicals	62,881	16,567	79,448
Other Operating Supplies	94,601	16,154	110,755
Repairs and Maintenance	48,983	6,954	55,937
Total Plant and Maintenance Expenses	<u>360,889</u>	<u>146,296</u>	<u>507,185</u>
General Expenses:			
Administrative and General Salaries and Benefits	54,221	40,600	94,821
Office Supplies and Expense	5,735	14,152	19,887
Outside Services	14,206	10,115	24,321
Property and Liability Insurance	23,623	23,623	47,246
Transportation	-	1,590	1,590
Depreciation	204,041	93,439	297,480
Miscellaneous	3,277	-	3,277
Total General Expenses	<u>305,103</u>	<u>183,519</u>	<u>488,622</u>
Total Operating Expenses	<u>665,992</u>	<u>329,815</u>	<u>995,807</u>
OPERATING INCOME	358,544	90,173	448,717
NONOPERATING REVENUES (EXPENSES)			
Interest Income	12,488	3,719	16,207
Interest Expense and Fiscal Charges	(306,126)	(85,696)	(391,822)
Total Nonoperating Expenses	<u>(293,638)</u>	<u>(81,977)</u>	<u>(375,615)</u>
CHANGE IN NET POSITION	64,906	8,196	73,102
Net Position - Beginning of Year	<u>4,001,761</u>	<u>2,674,535</u>	<u>6,676,296</u>
NET POSITION - END OF YEAR	<u>\$ 4,066,667</u>	<u>\$ 2,682,731</u>	<u>\$ 6,749,398</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF WEYAUWEGA, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2016**

	Business Type Activities - Enterprise Funds		
	Sewer Utility	Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,027,169	\$ 436,126	\$ 1,463,295
Payments to Suppliers	(1,025,621)	(141,163)	(1,166,784)
Payments to Employees	(180,627)	(90,358)	(270,985)
Net Cash Provided (Used) by Operating Activities	<u>(179,079)</u>	<u>204,605</u>	<u>25,526</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	(2,598,027)	(20,073)	(2,618,100)
Principal Paid on Long-Term Debt	(225,000)	(87,342)	(312,342)
Interest Paid on Long-Term Debt	(304,416)	(85,003)	(389,419)
Net Cash Used by Capital and Related Financing Activities	<u>(3,127,443)</u>	<u>(192,418)</u>	<u>(3,319,861)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Temporary Investments	158,904	158,904	317,808
Interest Income	12,488	3,719	16,207
Net Cash Provided by Investing Activities	<u>171,392</u>	<u>162,623</u>	<u>334,015</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,135,130)	174,810	(2,960,320)
Cash and Cash Equivalents - Beginning of Year	<u>5,152,393</u>	<u>513,233</u>	<u>5,665,626</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,017,263</u>	<u>\$ 688,043</u>	<u>\$ 2,705,306</u>
RECONCILED TO STATEMENT OF NET POSITION			
Unrestricted Cash and Cash Equivalents	\$ 807,690	\$ 509,863	\$ 1,317,553
Restricted Cash and Cash Equivalents	1,209,573	178,180	1,387,753
Total	<u>\$ 2,017,263</u>	<u>\$ 688,043</u>	<u>\$ 2,705,306</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income	\$ 358,544	\$ 90,173	\$ 448,717
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	204,041	93,439	297,480
Effects of Change in Operating Assets and Liabilities:			
Receivables	2,633	16,138	18,771
Pension Asset/Liability - WRS	37,275	19,618	56,893
Deferred Pension Resources	(28,438)	(14,968)	(43,406)
Accounts Payable	(757,147)	(2,358)	(759,505)
Accrued Expenses	4,013	2,563	6,576
Net Cash Provided (Used) by Operating Activities	<u>\$ (179,079)</u>	<u>\$ 204,605</u>	<u>\$ 25,526</u>

See accompanying Notes to Basic Financial Statements.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2016**

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.

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

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, 2016

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.

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.

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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, Deferred Outflows/Inflows of Resources, and Net Position or
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 classified as 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, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or 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 classified as 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.

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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets (Continued)

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:

Building Improvements	15 Years
Buildings	40 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. 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.

CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or 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, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or 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, 2016, 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, 2016**

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, 2016, expenditures exceeded appropriations in the departments for the General Fund listed as follows:

Public Safety	\$	28,853
Health and Social Services		126

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 \$1,204,948, \$209,394, and \$90,333, respectively, as of December 31, 2016. 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, 2016**

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	521,872	Custodial credit
Certificates of Deposit	293,443	Custodial credit
Total Deposits	815,315	
Investments:		
Local Government Investment Pool (LGIP)	2,810,366	Credit, interest rate
Wisconsin Investment Series Cooperative (WISC)	814,136	Credit, interest rate
Total Investments	3,624,502	
Total Deposits and Investments	\$ 4,440,877	
Reconciliation to the Statement of Net Position:		
Cash and Cash Equivalents	\$ 2,759,681	
Restricted Cash and Cash Equivalents	1,387,753	
Temporary Investments	293,443	
Total Cash and Investments	\$ 4,440,877	

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, 2016, the carrying amount of the City's deposits was \$815,315 and the bank balance was \$1,047,905. Of the bank balance, \$492,650 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. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2016, 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, 2016**

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, 2016, 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, 2016, 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, 2016**

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, 2016, the City had \$2,810,366 invested in LGIP, which is not rated. The average maturity date for investments held by the LGIP is 61 days, but funds are available to the City in full on one day's notice. The City had \$814,136 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:

Replacement Reserves	\$ 975,175
Debt Service Reserves	<u>412,578</u>
	<u><u>\$ 1,387,753</u></u>

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2016 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 and Land Improvements	\$ 94,929	\$ 284,321	\$ -	\$ 379,250
Construction in Progress	1,602,508	1,738,378	3,340,886	-
Total Capital Assets Not Being Depreciated	<u>1,697,437</u>	<u>2,022,699</u>	<u>3,340,886</u>	<u>379,250</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,034,151	3,310,092	-	4,344,243
Machinery and Equipment	1,058,654	146,149	-	1,204,803
Infrastructure	2,476,890	199,892	-	2,676,782
Total Capital Assets Being Depreciated	<u>4,569,695</u>	<u>3,656,133</u>	<u>-</u>	<u>8,225,828</u>
Less Accumulated Depreciation:				
Buildings and Improvements	555,187	45,638	-	600,825
Machinery and Equipment	790,657	80,984	-	871,641
Infrastructure	492,274	59,391	-	551,665
Total Accumulated Depreciation	<u>1,838,118</u>	<u>186,013</u>	<u>-</u>	<u>2,024,131</u>
Total Capital Assets Being Depreciated, Net	<u>2,731,577</u>	<u>3,470,120</u>	<u>-</u>	<u>6,201,697</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,429,014</u>	<u>\$ 5,492,819</u>	<u>\$ 3,340,886</u>	<u>\$ 6,580,947</u>

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

Governmental Activities:	
General Government	\$ 57,356
Public Safety	21,620
Public Works	76,180
Culture and Recreation	28,592
Community Development and Conservation	<u>2,265</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 186,013</u>

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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	3,520,851	2,610,467	74,260	6,057,058
Total Capital Assets Not Being Depreciated	<u>3,555,061</u>	<u>2,610,467</u>	<u>74,260</u>	<u>6,091,268</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	1,502,802	-	-	1,502,802
Machinery and Equipment	4,864,014	81,893	-	4,945,907
Infrastructure	4,267,171	-	5,660	4,261,511
Total Capital Assets Being Depreciated	<u>10,633,987</u>	<u>81,893</u>	<u>5,660</u>	<u>10,710,220</u>
Less Accumulated Depreciation:				
Buildings and Improvements	828,343	39,226	-	867,569
Machinery and Equipment	3,051,718	200,645	-	3,252,363
Infrastructure	1,163,257	57,609	5,660	1,215,206
Total Accumulated Depreciation	<u>5,043,318</u>	<u>297,480</u>	<u>5,660</u>	<u>5,335,138</u>
Total Capital Assets Being Depreciated, Net	<u>5,590,669</u>	<u>(215,587)</u>	<u>-</u>	<u>5,375,082</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,145,730</u>	<u>\$ 2,394,880</u>	<u>\$ 74,260</u>	<u>\$ 11,466,350</u>

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

Business-Type Activities:	
Sewer Utility	\$ 93,439
Water Utility	204,041
Total Depreciation Expense - Business-Type Activities	<u>\$ 297,480</u>

D. Interfund Balances

The composition of interfund activity as of December 31, 2016 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	208,134
General	TIF No. 7	90,333
Water	TIF No. 4	645,205
Sewer	TIF No. 4	763,922
Total		<u>\$ 1,756,254</u>

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Balances (Continued)

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, 2016 is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Capital Projects	General Fund	\$ 235,000

E. Long-Term Obligations

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

<u>Governmental Activities</u>	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2016</u>	<u>Amount Due in One Year</u>
(1) 2003 G.O. Refunding Bonds	\$ 285,000	\$ -	\$ 130,000	\$ 155,000	\$ 155,000
(2) 2010 G.O. Refunding Bonds	299,623	-	67,658	231,965	43,493
(3) 2015 Note Anticipation	3,040,000	-	3,040,000	-	-
(4) 2016 G.O. Refunding Bonds	-	3,095,000	-	3,095,000	-
	<u>3,624,623</u>	<u>3,095,000</u>	<u>3,237,658</u>	<u>3,481,965</u>	<u>198,493</u>
Unamortized Bond Issue Premium	-	34,393	860	33,533	-
	<u>3,624,623</u>	<u>3,129,393</u>	<u>3,238,518</u>	<u>3,515,498</u>	<u>198,493</u>
(5) Compensated Absences	72,832	38,061	36,486	74,407	74,407
Total Governmental Activity Long-Term Obligations	<u>\$ 3,697,455</u>	<u>\$ 3,167,454</u>	<u>\$ 3,275,004</u>	<u>\$ 3,589,905</u>	<u>\$ 272,900</u>

<u>Business-Type Activities</u>	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2016</u>	<u>Amount Due in One Year</u>
(2) 2010 G.O. Refunding Bonds	\$ 10,377	\$ -	\$ 2,342	\$ 8,035	\$ 1,507
(6) 2011 Water Revenue Bonds	1,825,000	-	85,000	1,740,000	90,000
(7) 2013A Taxable Sewer Rev Refunding Bonds	1,675,000	-	225,000	1,450,000	1,450,000
(8) 2015 Taxable Sewerage System Bond Anticipation	6,090,000	-	-	6,090,000	6,090,000
	<u>9,600,377</u>	<u>-</u>	<u>312,342</u>	<u>9,288,035</u>	<u>7,631,507</u>
Less Unamortized Bond Discount	(95,916)	-	(39,893)	(56,023)	(39,031)
	<u>9,504,461</u>	<u>-</u>	<u>272,449</u>	<u>9,232,012</u>	<u>7,592,476</u>
(5) Compensated Absences	27,867	17,554	10,978	34,443	34,443
Total Business-Type Activity Long-Term Obligations	<u>\$ 9,532,328</u>	<u>\$ 17,554</u>	<u>\$ 283,427</u>	<u>\$ 9,266,455</u>	<u>\$ 7,626,919</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, 2016

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

- (1) \$ 155,000 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) \$ 240,000 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) \$ -0- 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 (4) below).
- (4) \$ 3,095,000 Original issue dated June 7, 2016. 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.
- (5) \$ 108,850 Accumulated vested vacation and sick leave. Employee entitlements are described in the summary of significant accounting policies Note 1.
- (6) \$ 1,740,000 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.
- (7) \$ 1,450,000 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 (Defeased in 2017 – see Note 3M).
- (8) \$ 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 (Refunded in 2017 – see Note 3M).

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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>
2017	\$ 198,493	\$ 113,112	\$ 311,605
2018	178,493	77,811	256,304
2019	178,493	73,567	252,060
2020	183,493	69,164	252,657
2021	188,327	64,525	252,852
2022-2026	755,000	271,440	1,026,440
2027-2031	840,000	186,897	1,026,897
2032-2036	959,666	70,885	1,030,551
Total	<u>\$ 3,481,965</u>	<u>\$ 927,401</u>	<u>\$ 4,409,366</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>
2017	\$ 7,631,507	\$ 282,587	\$ 7,914,094
2018	91,507	79,120	170,627
2019	91,507	75,804	167,311
2020	91,507	72,259	163,766
2021	96,673	68,376	165,049
2022-2026	575,334	265,926	841,260
2027-2031	710,000	100,949	810,949
Total	<u>\$ 9,288,035</u>	<u>\$ 945,021</u>	<u>\$ 10,233,056</u>

The 2016 equalized valuation of the City, certified by Wisconsin Department of Revenue, is \$96,530,300. The legal general obligation debt limit and margin of indebtedness as of December 31, 2016, in accordance with the Wisconsin Statutes follows:

Debt Limit (5% of \$96,530,300)	\$ 4,826,515
Deduct Long-Term Debt Applicable to Debt Margin	3,490,000
Margin of Indebtedness	<u>\$ 1,336,515</u>

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Prior Years Debt Defeasance

As of December 31, 2016, the outstanding principal of previously defeased bonds is \$260,000.

Current Refunding

On June 7, 2016, the City issued a \$3,095,000 General Obligation Refunding Bonds, Series 2016A with variable interest rates ranging between 2.00% and 3.00% to refinance the \$3,040,000 2015A Note Anticipation Notes. The refunding resulted in an increase in the cash flow requirements of \$932,204 and an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$74,829.

F. Fund Balances / Net Position

As of December 31, 2016, the City has the following assignments of fund balance:

General Purposes:

Accumulated Sick Leave	\$ 74,407
Industrial Development	37,021
Fire Equipment	3,600
	115,028

Little Red School House	8,238
Library	96,612
Total Assigned Fund Balance	\$ 219,878

Net position reported on the government-wide statement of net position as of December 31, 2016 includes the following:

Governmental Activities

Net Investment in Capital Assets:

Capital Assets Not Being Depreciated	\$ 379,250
Capital Assets, Net of Accumulated Depreciation	6,201,697
Adjusted for:	
Outstanding Capital Related Debt	(3,515,498)
Utility Capital Assets Funded by City	81,861
Net Investment in Capital Assets	3,147,310

Restricted Net Position:

Restricted for Block Grant	287,057
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Unrestricted	85,155
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Total Governmental Activities Net Position	\$ 3,519,522
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**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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	\$ 6,091,268
Capital Assets, Net of Accumulated Depreciation	5,375,082
Adjusted for:	
Outstanding Capital Related Debt	(9,232,012)
Loss on Refunding	103,590
Utility Reserves	412,577
Net Investment in Capital Assets	<u>2,750,505</u>

Restricted Net Position:

Restricted for Replacement	975,191
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Unrestricted

3,023,702

Total Business-Type Activities Net Position

\$ 6,749,398

Total Net Position

Net Investment in Capital Assets:

Total Capital Assets Not Being Depreciated	\$ 6,470,518
Total Capital Assets, Net of Accumulated Depreciation	11,576,779
Adjusted for:	
Outstanding Capital Related Debt	(12,747,510)
Loss on Refunding	103,590
Utility Reserves	412,577
Net Investment in Capital Assets	<u>5,815,954</u>

Total Restricted

1,262,248

Total Unrestricted:

Governmental Activities Unrestricted Net Assets	85,155
Business-Type Activities Unrestricted Net Assets	3,023,702
Adjusted for:	
Utility Capital Assets Funded by City	81,861
Total Unrestricted	<u>3,190,718</u>

Total Net Position

\$ 10,268,920

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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 2016 that total 48% of total combined revenue of the Utility. At December 31, 2016, the amount owed to the Utility by this customer totaled \$62,080.

J. Tax Incremental Financing Districts

The following is the cumulative status of Tax Incremental Financing Districts (TIF) as of December 31, 2016:

	<u>TIF#4</u>	<u>TIF#6</u>	<u>TIF#7</u>
Revenues:			
Tax Increment	\$ 1,067,328	\$ -	\$ -
Other	50,717	-	72,175
Total Revenues	<u>1,118,045</u>	<u>-</u>	<u>72,175</u>
Expenditures:			
Project Costs	2,165,381	141,052	145,669
Interest, Discounts, and Other Debt Costs	194,518	-	-
Administration	79,950	68,342	16,839
Total Expenditures	<u>2,439,849</u>	<u>209,394</u>	<u>162,508</u>
Amount to be Recovered through Future Tax Increments	<u>\$ (1,321,804)</u>	<u>\$ (209,394)</u>	<u>\$ (90,333)</u>

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 18-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.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Tax Incremental Financing Districts (Continued)

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 \$8 million over the 15-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 15-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 the wastewater treatment plant upgrade project. As of December 31, 2016, the City had incurred approximately \$6,042,230 of costs which are included in construction in progress. Future costs to complete the project is expected to approximate \$100,000.

L. Intermunicipal Agreement and Related Parties

The City is a member of the Weyauwega Area Fire District (District), along with four other municipalities. The District was created by an agreement signed in 1992. The District provides fire services to the member communities. At the time the District was created, the City contributed to the District all of its fire apparatus and vehicles which is considered to be the property of the District and titled in its name. In the event that any municipality desires to withdraw from the agreement which would be effective on December 31 of any year, notification of its intent to do so is required on or before July 1 preceding the December 31, withdrawal date. No withdrawing municipality may claim any portion of the assets of the District or be entitled to any compensation for past contributions for vehicles, equipment or supplies purchased whatsoever.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

L. Intermunicipal Agreement and Related Parties (Continued)

The District is governed by a five member commission consisting of four representatives from each municipality and the chairperson of the City Police and Fire Committee. The communities involved share in all of the property, building, equipment, maintenance and operating expenses incurred by the District in proportion to the amount that the then most current assessed value as equalized for State purposes of all real property "improvements" (excluding assessed value of land) of the municipality in the District bears to the then most current assessed valuation of all of the real property "improvements" in the District as equalized for State purposes. In the event the District dissolves, the net assets remaining after payment of all liabilities shall be assigned to the communities in proportion to the total budgeted contributions made by each community. The City has a commitment to the District to quarterly finance a portion of the District's approved expenditures. In 2016, the City's fire protection services and capital outlay expenditures incurred in connection with this arrangement were approximately \$53,795.

M. Subsequent Events

On February 9, 2017, the City defeased and redeemed the remaining balance of the Taxable Sewerage System Revenue Refunding Bonds, Series 2013A. The City has irrevocably deposited those funds in escrow to pay the principal and interest on the defeased obligations as they become due up to and including May 1, 2019 and to redeem the defeased obligations maturing in the years 2020-2022 on May 1, 2019 at a price of par plus accrued interest to May 1, 2019.

On March 20, 2017, an amendment to the industrial service agreement with the City's major industrial customer was signed where the customer agreed to pay \$1,620,000 up front for their share of the debt service associated with the 2013 bonds noted above which then replenished the sewer funds utilized in the defeasance.

On April 26, 2017, the City issued \$6,185,918 Taxable Sewerage System Revenue Bonds, Series 2017 in order to refinance the Taxable Sewerage System Revenue Bond Anticipation Notes, Series 2015B. Repayment of this bond begins November 1, 2017 and goes through 2036.

Accordingly the debt and associated discounts are show as current in these financial statements.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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.

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.

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.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

General Information about the Pension Plan (Continued)

During the reporting period ending December 31, 2016, the WRS recognized \$47,389 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

	<u>Employee</u>	<u>Employer</u>
General	6.60%	6.60%
Executives and Elected Officials	6.60%	6.60%
Protective with Social Security	6.60%	9.49%
Protective without Social Security	6.60%	13.29%

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>
2006	0.8%	3.0%
2007	3.0	10.0
2008	6.6	0.0
2009	-2.1	-42.0
2010	-1.3	22.0
2011	-1.2	11.0
2012	-7.0	-7.0
2013	-9.6	9.0
2014	4.7	25.0
2015	2.9	2.0

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2016, the City reported a liability of \$80,593 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. The City's proportion of the net pension liability 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, 2015, the City's proportion was 0.00495961%, which was an increase of 0.0% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$94,594. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 13,634	\$ 169,606
Effect of Changes in Assumptions	56,386	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	329,970	-
Change in Proportion and Differences Between City Contributions and Proportionate share of Contributions	-	9,961
City Contributions Subsequent to the Measurement Date	47,589	-
Total	<u>\$ 447,579</u>	<u>\$ 179,567</u>

\$47,589 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expense Amount</u>
2016	\$ 60,236
2017	60,236
2018	60,236
2019	43,559
2020	(3,844)
Total	<u>\$ 220,423</u>

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

Pension Asset/Liability, 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, 2014
Measurement Date of Net Pension Liability (Asset):	December 31, 2015
Actuarial Cost Method:	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 WRS experience projected to
Mortality:	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, 2015 is based upon a roll-forward of the liability calculated from the December 31, 2014 actuarial valuation.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Asset Class	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	<u>100%</u>		<u>100%</u>	

Discount rate. A single discount rate of 7.20 percent was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20 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 liability.

**CITY OF WEYAUWEGA, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Wisconsin Retirement System Pension Plan (Continued)

Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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)	\$ 565,279	\$ 80,593	\$ (297,956)

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 16-10.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WEYAUWEGA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes:				
General Property Tax	\$ 576,727	\$ 576,727	\$ 576,727	\$ -
Mobile Home Parking Fees	10,000	10,000	10,107	107
Total Taxes	586,727	586,727	586,834	107
Special Assessments	2,500	2,500	2,283	(217)
Intergovernmental Revenue:				
State Aid:				
Shared Taxes	521,560	521,560	520,480	(1,080)
Expenditure Restraint	24,301	24,301	24,185	(116)
Recycling Grants	3,040	3,040	3,587	547
Computer Aid	2,600	2,600	2,183	(417)
Highway Maintenance	71,500	71,500	71,406	(94)
Other Law Enforcement	1,000	1,000	-	(1,000)
DNR PILT	-	-	151	151
County Aid:				
Library	60,819	60,819	56,264	(4,555)
Total Intergovernmental Revenue	684,820	684,820	678,256	(6,564)
Regulation and Compliance Revenue:				
Licenses:				
Liquor and Malt Beverage	4,600	4,600	4,220	(380)
Operators and Occupational	1,250	1,250	1,680	430
Cigarette	50	50	749	699
Mobile Home	250	250	-	(250)
Other	1,350	1,350	193	(1,157)
Permits:				
Building and Sellers	7,200	7,200	7,347	147
Law and Ordinance Violations:				
Court Penalties and Costs	25,500	25,500	26,478	978
Parking Violations	500	500	70	(430)
Total Regulation and Compliance Revenue	40,700	40,700	40,737	37

**CITY OF WEYAUWEGA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES (CONTINUED)				
Public Charges for Services:				
General Government:				
License Publication Fees	\$ 300	\$ 300	\$ 57	\$ (243)
Transportation:				
Snow/Ice Control	700	700	-	(700)
Sanitation and Utilities:				
Refuse Collection	105,000	105,000	107,241	2,241
Weed Control	-	-	880	880
Leisure Activities:				
Community Projects	700	700	1,350	650
Library	-	-	5,907	5,907
Swimming Pool	20,000	20,000	15,025	(4,975)
Parks and Playgrounds	3,725	3,725	3,676	(49)
Total Public Charges for Services	<u>130,425</u>	<u>130,425</u>	<u>134,136</u>	<u>3,711</u>
General Revenues:				
Miscellaneous	9,100	9,100	31,310	22,210
Rent	-	-	1,215	1,215
Donations	-	-	510	510
Franchise Fees	10,800	10,800	11,490	690
Total General Revenues	<u>19,900</u>	<u>19,900</u>	<u>44,525</u>	<u>24,625</u>
Commercial Revenues:				
Interest on Investments	1,500	1,500	6,484	4,984
Interest on Special Assessments	275	275	85	(190)
Total Commercial Revenues	<u>1,775</u>	<u>1,775</u>	<u>6,569</u>	<u>4,794</u>
 Total Revenues	 1,466,847	 1,466,847	 1,493,340	 26,493

**CITY OF WEYAUWEGA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General Government:				
Legislative:				
Council	\$ 5,250	\$ 5,250	\$ 10,577	\$ (5,327)
Executive:				
Mayor	2,000	2,000	3,553	(1,553)
General Administration:				
Clerk and Administrator	54,800	54,800	52,529	2,271
Publications	2,700	2,700	1,382	1,318
Elections	4,000	4,000	4,839	(839)
Office Supplies	12,200	12,200	10,439	1,761
Financial Administration:				
Assessment of Property	4,900	4,900	6,719	(1,819)
Bookkeeper/Accountant	25,500	25,500	27,640	(2,140)
Deputy Clerk	24,000	24,000	22,635	1,365
Auditing	12,000	12,000	11,670	330
Legal:				
Codification	1,500	1,500	1,192	308
City Attorney	60,000	60,000	47,301	12,699
Building and Plant:				
Municipal Building	25,000	25,000	37,178	(12,178)
Other General Government:				
Property and Liability Insurance	35,000	35,000	38,265	(3,265)
Miscellaneous	24,367	24,367	12,195	12,172
Total General Government	<u>293,217</u>	<u>293,217</u>	<u>288,114</u>	<u>5,103</u>
Public Safety:				
Police	385,000	385,000	413,823	(28,823)
Fire:				
Fire Department	55,000	55,000	53,795	1,205
Ambulance Service	22,591	22,591	21,066	1,525
Building Inspector	5,300	5,300	8,060	(2,760)
Total Public Safety	<u>467,891</u>	<u>467,891</u>	<u>496,744</u>	<u>(28,853)</u>
Health and Social Services:				
Pest and Animal Control:				
Animal Pound	1,000	1,000	1,126	(126)
Total Health and Social Services	<u>1,000</u>	<u>1,000</u>	<u>1,126</u>	<u>(126)</u>

**CITY OF WEYAUWEGA, WISCONSIN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Public Works:				
Street Commissioner	\$ 30,000	\$ 30,000	\$ 21,124	\$ 8,876
Operations Supervisor	19,000	19,000	19,966	(966)
Outside Engineering Service	5,000	5,000	2,150	2,850
Machinery and Equipment	4,800	4,800	4,572	228
Garage and Sheds	3,000	3,000	2,667	333
Street Maintenance	10,000	10,000	11,425	(1,425)
Bridges and Culverts	500	500	-	500
Street Sweeping	9,000	9,000	10,166	(1,166)
Snow and Ice Removal	50,000	50,000	60,873	(10,873)
Street Lighting and Signs	50,000	50,000	50,588	(588)
Storm Sewers and Sidewalks	1,765	1,765	2,424	(659)
Recycling	19,000	19,000	19,458	(458)
Yard Waste and Weed Control	15,500	15,500	6,451	9,049
Tree Maintenance	4,000	4,000	-	4,000
Garbage and Refuse Collection	64,260	64,260	63,365	895
Total Public Works	<u>285,825</u>	<u>285,825</u>	<u>275,229</u>	<u>10,596</u>
Culture and Recreation:				
Culture:				
Library	166,702	166,702	152,457	14,245
Community Center	1,500	1,500	291	1,209
Recreation:				
Recreation Administration	2,400	2,400	3,362	(962)
Swimming Lake	48,500	48,500	50,451	(1,951)
Public Areas:				
Celebrations and Entertainment	7,000	7,000	7,234	(234)
Parks and Playgrounds	23,500	23,500	24,330	(830)
Total Culture and Recreation	<u>249,602</u>	<u>249,602</u>	<u>238,125</u>	<u>11,477</u>
Conservation and Development:				
Regional Planning	5,400	5,400	2,860	2,540
Total Expenditures	<u>1,302,935</u>	<u>1,302,935</u>	<u>1,302,198</u>	<u>737</u>
EXCESS OF REVENUES OVER EXPENDITURES	163,912	163,912	191,142	27,230
OTHER FINANCING USES				
Transfer Out	(235,000)	(235,000)	(235,000)	-
NET CHANGE IN FUND BALANCE	<u>\$ (71,088)</u>	<u>\$ (71,088)</u>	<u>\$ (43,858)</u>	<u>\$ 27,230</u>

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

	2015 ⁽¹⁾	2016 ⁽¹⁾
City's proportion of the net pension liability (asset)	0.00470594%	0.00495961%
City's proportionate share of the net pension liability (asset)	\$ (115,591)	\$ 80,593
City's covered-employee payroll	601,430	629,116
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-19.22%	12.81%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%

*Shown prospectively from year of implementation.

(1) Measurement date twelve months prior to the City's year end.

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

	2015	2016
Contractually Required Contribution	\$ 49,539	\$ 47,389
Contributions in Relation to the Contractually Required Contributions	(49,539)	(47,389)
Contribution Deficiency (Excess)	\$ -	\$ -
 City's Covered-Employee Payroll	 \$ 629,116	 \$ 623,906
Contributions as a Percentage of Covered Employee Payroll	7.87%	7.60%

*Shown prospectively from year of implementation.

Change of Benefit Terms. There were no changes of benefit terms for any participating employer in WRS.

Change in Assumptions. There were no changes in assumptions.

CITY OF WEYAUWEGA, WISCONSIN
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2016
(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, 2016, expenditures exceeded appropriations in the departments for the General Fund listed as follows:

Public Safety	\$	28,853
Health and Social Services		126

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 \$1,204,948, \$209,394, and \$90,333, respectively, as of December 31, 2016. 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.

SUPPLEMENTARY INFORMATION

**CITY OF WEYAUWEGA, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)**

	Special Revenue CDBG	Capital Projects		Total
		TIF #6	TIF #7	
ASSETS				
Cash and Cash Equivalents	\$ 18,874	\$ -	\$ -	\$ 18,874
Taxes Receivable	-	98,722	3,617	102,339
Notes Receivable	271,783	-	-	271,783
	<u>271,783</u>	<u>-</u>	<u>-</u>	<u>271,783</u>
Total Assets	<u>\$ 290,657</u>	<u>\$ 98,722</u>	<u>\$ 3,617</u>	<u>\$ 392,996</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)				
Liabilities:				
Accounts Payable	\$ -	\$ 1,260	\$ -	\$ 1,260
Advances from Other Funds	3,600	208,134	90,333	302,067
Total Liabilities	<u>3,600</u>	<u>209,394</u>	<u>90,333</u>	<u>303,327</u>
Deferred Inflows of Resources:				
Succeeding Year Property Taxes	-	98,722	3,617	102,339
Notes Receivable	271,783	-	-	271,783
Total Deferred Inflows of Resources	<u>271,783</u>	<u>98,722</u>	<u>3,617</u>	<u>374,122</u>
Fund Balances (Deficit):				
Restricted:				
CDBG	15,274	-	-	15,274
Unassigned	-	(209,394)	(90,333)	(299,727)
Total Fund Balances (Deficit)	<u>15,274</u>	<u>(209,394)</u>	<u>(90,333)</u>	<u>(284,453)</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 290,657</u>	<u>\$ 98,722</u>	<u>\$ 3,617</u>	<u>\$ 392,996</u>

**CITY OF WEYAUWEGA, WISCONSIN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2016
 (SEE INDEPENDENT AUDITORS' REPORT)**

	Special	Capital Projects		Total
	Revenue CDBG	TIF #6	TIF #7	
REVENUES				
Commercial Revenues	\$ 1,828	\$ -	\$ -	\$ 1,828
EXPENDITURES				
Current:				
General Government	-	24,966	-	24,966
Conservation and Development	-	1,226	200	1,426
Capital Outlays	-	711	17,337	18,048
Total Expenditures	-	26,903	17,537	44,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,828</u>	<u>(26,903)</u>	<u>(17,537)</u>	<u>(42,612)</u>
NET CHANGE IN FUND BALANCES	1,828	(26,903)	(17,537)	(42,612)
Fund Balances (Deficits) - Beginning of Year	<u>13,446</u>	<u>(182,491)</u>	<u>(72,796)</u>	<u>(241,841)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 15,274</u>	<u>\$ (209,394)</u>	<u>\$ (90,333)</u>	<u>\$ (284,453)</u>