

CITY OF CHETEK, WISCONSIN
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2014

**CITY OF CHETEK, WISCONSIN
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**CITY OF CHETEK, WISCONSIN
LIST OF PRINCIPAL OFFICERS
2014**

ELECTED

Mayor
Council President
Alderspersons:
 First District
 Second District
 Third District
 Fourth District

Mike Linton
Cliff Bronstad

Shirley Morley
Cliff Bronstad
Bill Waite
Mark Edwards

APPOINTED

Director of Public Works
Clerk/Treasurer
City Assessor
Wastewater Operator
Fire Chief
Librarian
Police Chief

Dan Knapp
Carmen Newman
Associated Appraisal
Mike McGinnis
Al Zeltner
Carol Burnham
Mark Petersen



CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

The City Council
City of Chetek
Chetek, 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 Chetek, Wisconsin as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 the 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 did not audit the financial statements of the Knapp Haven Nursing Home and Pelican Place Apartments major enterprise funds, which also represent 45%, 17%, and 87%, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Knapp Haven Nursing Home and Pelican Place Apartments enterprise funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chetek, Wisconsin as of December 31, 2014, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity 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 and schedule of funding progress as referenced in the table of contents, be presented to supplement the basic financial statements. Such information, although not 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 has omitted a management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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's basic financial statements. The individual and combining fund statements and debt repayment schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2013 which are not presented with the accompanying

financial statements. In our report dated June 27, 2014, based on our audit and the report of other auditors, we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the 2013 financial statements that collectively comprise the City's 2013 basic financial statements. The 2013 individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 2013 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 2013 basic financial statements or to the 2013 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 2013 individual fund statements are fairly stated in all material respects in relation to the 2013 basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
May 27, 2015

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2014**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 2,089,853	\$ 1,848,535	\$ 3,938,388
Taxes Receivable	1,203,552	-	1,203,552
Accounts Receivable	47,964	958,578	1,006,542
Accrued Interest Receivable	804	664	1,468
Long-Term Receivables	1,142,189	-	1,142,189
Special Assessments Receivable	-	11,393	11,393
Inventories	-	26,331	26,331
Prepaid Expenses	15,451	7,343	22,794
Internal Balances	18,744	(17,723)	1,021
Restricted Assets:			
Cash and Investments	-	614,598	614,598
Accrued Interest Receivable	-	399	399
Capital Assets:			
Capital Assets Not Being Depreciated	423,618	108,251	531,869
Capital Assets Being Depreciated	5,265,962	12,376,893	17,642,855
Accumulated Depreciation	(1,846,027)	(6,130,596)	(7,976,623)
Total Assets	8,362,110	9,804,666	18,166,776
LIABILITIES			
Vouchers and Accounts Payable	156,840	107,161	264,001
Accrued Liabilities	-	428,860	428,860
Accrued Interest Payable	6,103	22,664	28,767
Unearned Revenue	28,850	10	28,860
Deposits	-	12,710	12,710
Trust Funds and Restricted Donations	-	30,008	30,008
Long-Term Obligations:			
Due Within One Year	342,827	292,848	635,675
Due in More than One Year	1,104,830	3,394,962	4,499,792
Total Liabilities	1,639,450	4,289,223	5,928,673
DEFERRED INFLOWS OF RESOURCES			
Subsequent Year's Property Taxes	1,455,594	-	1,455,594
NET POSITION			
Net Investment in Capital Assets	2,548,438	2,696,432	5,244,870
Restricted For:			
Capital Asset Replacement	-	193,959	193,959
Debt Retirement	15,094	352,662	367,756
Housing Loan Programs	1,233,477	-	1,233,477
Other Purposes	15,076	10,938	26,014
Unrestricted	1,454,981	2,261,452	3,716,433
Total Net Position	\$ 5,267,066	\$ 5,515,443	\$ 10,782,509

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Charges, Fines, and Other	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 394,060	\$ 89,155	\$ -	\$ -	\$ (304,905)	\$ -	\$ (304,905)
Public Safety	713,117	22,659	10,994	-	(679,464)	-	(679,464)
Transportation	702,509	158,032	134,604	64,640	(345,233)	-	(345,233)
Sanitation	345,404	308,843	-	-	(36,561)	-	(36,561)
Health and Human Services	4,345	1,185	-	-	(3,160)	-	(3,160)
Culture, Recreation, and Education	221,602	4,298	45,765	-	(171,539)	-	(171,539)
Conservation and Development	245,251	-	-	-	(245,251)	-	(245,251)
Interest and Fiscal Charges	33,656	-	-	-	(33,656)	-	(33,656)
Total Governmental Activities	2,659,944	584,172	191,363	64,640	(1,819,769)	-	(1,819,769)
Business-Type Activities:							
Water Utility	266,535	398,869	-	10,398	-	142,732	142,732
Sewer Utility	438,198	468,269	-	62,831	-	92,902	92,902
Knapp Haven Nursing Home	6,036,554	5,633,763	459,738	-	-	56,947	56,947
Pelican Place Apartments	191,072	185,771	-	-	-	(5,301)	(5,301)
Total Business-Type Activities	6,932,359	6,686,672	459,738	73,229	-	287,280	287,280
Total Primary Government	<u>\$ 9,592,303</u>	<u>\$ 7,270,844</u>	<u>\$ 651,101</u>	<u>\$ 137,869</u>	(1,819,769)	287,280	(1,532,489)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					1,233,500	-	1,233,500
Property Taxes, Levied for TIF Districts					210,382	-	210,382
Other Taxes					23,299	-	23,299
State and Federal Aids Not Restricted to Specific Functions					385,507	-	385,507
Interest and Investment Earnings					6,171	8,003	14,174
Rents					12,655	6,026	18,681
Donations					2,421	-	2,421
Miscellaneous					9,136	-	9,136
Transfers					56,356	(56,356)	-
Total General Revenues and Transfers					1,939,427	(42,327)	1,897,100
CHANGE IN NET POSITION					119,658	244,953	364,611
Net Position - Beginning of Year					5,147,408	5,270,490	10,417,898
Net Position - End of Year					<u>\$ 5,267,066</u>	<u>\$ 5,515,443</u>	<u>\$ 10,782,509</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General Fund	Housing Rehabilitation Revolving Loan Program Fund	Debt Service Fund	Tax Incremental District #2 Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Treasurer's Cash and Investments	\$ 1,926,647	\$ 91,288	\$ 21,197	\$ -	\$ 50,721	\$ 2,089,853
Taxes Receivable	986,540	-	-	217,012	-	1,203,552
Accounts Receivable	43,015	-	-	-	4,949	47,964
Interest Receivable	804	-	-	-	-	804
Due from Other Funds	105,748	-	-	-	-	105,748
Advance to Other Funds	19,379	-	-	-	-	19,379
Prepaid Expenditures	15,451	-	-	-	-	15,451
Installment Loans Receivable	-	18,475	-	-	-	18,475
Mortgage Loans Receivables	-	1,123,714	-	-	-	1,123,714
Total Assets	\$ 3,097,584	\$ 1,233,477	\$ 21,197	\$ 217,012	\$ 55,670	\$ 4,624,940
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Vouchers and Accounts Payable	\$ 23,698	\$ -	\$ -	\$ 131,350	\$ 1,792	\$ 156,840
Due to Other Funds	-	-	-	41,653	61,496	103,149
Unearned Revenues	28,850	-	-	-	-	28,850
Advance from Other Funds	-	-	-	3,234	-	3,234
Total Liabilities	52,548	-	-	176,237	63,288	292,073
Deferred Inflows of Resources:						
Subsequent Year's Property Taxes	1,238,582	-	-	217,012	-	1,455,594
Unavailable Revenues:						
Long-Term Receivables	-	1,142,189	-	-	-	1,142,189
Total Deferred Inflows of Resources	1,238,582	1,142,189	-	217,012	-	2,597,783
Fund Balances:						
Nonspendable	38,956	-	-	-	-	38,956
Restricted	15,076	91,288	21,197	-	-	127,561
Committed	-	-	-	-	53,878	53,878
Assigned	817,443	-	-	-	-	817,443
Unassigned	934,979	-	-	(176,237)	(61,496)	697,246
Total Fund Balances	1,806,454	91,288	21,197	(176,237)	(7,618)	1,735,084
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,097,584	\$ 1,233,477	\$ 21,197	\$ 217,012	\$ 55,670	\$ 4,624,940

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO THE
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014**

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS **\$ 1,735,084**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These capital assets consist of:

Land	\$ 423,618	
Land Improvements	157,718	
Buildings	1,225,611	
Furniture and Equipment	771,375	
Vehicles	611,019	
Infrastructure	2,500,239	
Accumulated Depreciation	<u>(1,846,027)</u>	3,843,553

Some assets are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements:

Housing Rehabilitation Loans		1,142,189
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Accrued Interest Payable on Notes and Bonds	(6,103)	
Other Postemployment Benefits Payable	(78,677)	
Estimated Employee Leave Liability	(73,865)	
General Obligation Debt Payable	<u>(1,268,577)</u>	(1,427,222)

Debt refinancing costs, discounts, and premiums are reported in the governmental funds as current period expenditures, but are capitalized in the statement of net position and amortized over the lives of the related debt:

Unamortized Debt Premiums		<u>(26,538)</u>
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Net Position of Governmental Activities **\$ 5,267,066**

CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

	General Fund	Housing Rehabilitation Revolving Loan Program Fund	Debt Service Fund	Tax Incremental District #2 Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 1,256,757	\$ -	\$ -	\$ 210,382	\$ -	\$ 1,467,139
Intergovernmental	638,327	-	-	3,225	-	641,552
Licenses and Permits	67,412	-	-	-	-	67,412
Fines and Forfeits	32,396	-	-	-	-	32,396
Public Charges for Services	419,441	-	-	-	60,802	480,243
Intergovernmental Charges for Services	4,121	-	-	-	-	4,121
Miscellaneous						
Interest	7,021	45	195	-	-	7,261
Rent	12,050	-	-	-	605	12,655
Other	9,060	91,713	-	-	-	100,773
Total Revenues	<u>2,446,585</u>	<u>91,758</u>	<u>195</u>	<u>213,607</u>	<u>61,407</u>	<u>2,813,552</u>
EXPENDITURES:						
General Government	384,869	-	-	-	-	384,869
Public Safety	688,387	-	-	-	-	688,387
Transportation	509,051	-	-	-	21,904	530,955
Sanitation	317,011	-	-	-	-	317,011
Health and Human Services	4,045	-	-	-	-	4,045
Culture, Recreation, and Education	157,128	-	-	-	-	157,128
Conservation and Development	20	94,765	-	159,919	250	254,954
Capital Outlay	229,469	-	-	-	-	229,469
Debt Service:						
Principal Retirement	-	-	309,205	-	-	309,205
Interest and Fiscal Charges	-	-	45,102	2,596	-	47,698
Total Expenditures	<u>2,289,980</u>	<u>94,765</u>	<u>354,307</u>	<u>162,515</u>	<u>22,154</u>	<u>2,923,721</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	156,605	(3,007)	(354,112)	51,092	39,253	(110,169)
OTHER FINANCING SOURCES (USES):						
Long-Term Debt Issued	-	-	-	52,097	-	52,097
Sale of Property	9,231	-	-	-	-	9,231
Transfers In	56,356	-	354,195	-	-	410,551
Transfers Out	(105,254)	-	-	(228,824)	(20,117)	(354,195)
Total Other Financing Sources (Uses)	<u>(39,667)</u>	<u>-</u>	<u>354,195</u>	<u>(176,727)</u>	<u>(20,117)</u>	<u>117,684</u>
NET CHANGE IN FUND BALANCES	116,938	(3,007)	83	(125,635)	19,136	7,515
Fund Balances, January 1	<u>1,689,516</u>	<u>94,295</u>	<u>21,114</u>	<u>(50,602)</u>	<u>(26,754)</u>	<u>1,727,569</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,806,454</u>	<u>\$ 91,288</u>	<u>\$ 21,197</u>	<u>\$ (176,237)</u>	<u>\$ (7,618)</u>	<u>\$ 1,735,084</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, 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, 2014**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 7,515

Amounts reported for governmental activities in the statement of activities are 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. In the current period, these amounts are:

Capital Outlays Reported in Governmental Fund Statements	\$ 258,783	
Depreciation Expense Reported in the Statement of Activities	<u>(239,789)</u>	18,994

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the proceeds from sales increase financial resources. Thus, the change in net position differs from the change in fund balances by the book value of capital assets disposed of during the year. (139,804)

Some assets not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements. (26,824)

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position and does not affect the statement of activities.

General Obligation Debt Issued		(52,097)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year these amounts consist of:

General Obligation Bonds and Notes Principal Retirement		309,205
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Amortization of Debt Premium	9,462	
Net Change in Other Postemployment Benefits Payable	(13,269)	
Net Change in Accrued Employee Leave Liability	1,896	
Net Change in Accrued Interest Payable	<u>4,580</u>	<u>2,669</u>

Change in Net Position of Governmental Activities \$ 119,658

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014**

ASSETS	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
Current Assets:					
Cash and Investments	\$ 1,181,280	\$ 190,296	\$ 258,729	\$ 62	\$ 1,630,367
Customer Accounts Receivable	30,746	45,629	882,203	-	958,578
Due from Other Funds	-	-	56,581	-	56,581
Accrued Interest Receivable - TID Advance	636	28	-	-	664
Current Portion of Long-Term Advance to Tax Incremental District	-	1,617	-	-	1,617
Inventories	24,396	1,935	-	-	26,331
Prepayments	1,331	2,958	3,054	-	7,343
Total Current Assets	1,238,389	242,463	1,200,567	62	2,681,481
Noncurrent Cash and Investments:					
Resident Trust Funds	-	-	19,070	-	19,070
Flex Spending	-	-	15,951	-	15,951
Health Retirement	-	-	20,476	-	20,476
Rep Payee	-	-	100	-	100
Depreciation Fund Investments	-	-	162,571	-	162,571
Total Noncurrent Cash and Investments	-	-	218,168	-	218,168
Restricted Assets:					
Cash and Investments:					
Replacement Fund	-	193,959	56,918	66,760	317,637
Debt Retirement Fund	-	90,041	184,845	11,137	286,023
Activity Fund	-	-	9,344	-	9,344
Restricted Donations	-	-	1,594	-	1,594
Accrued Interest Receivable:					
Bond Reserve Funds	-	399	-	-	399
Total Restricted Assets	-	284,399	252,701	77,897	614,997
Capital Assets:					
Property Plant and Equipment	2,802,004	3,803,619	4,691,597	1,111,039	12,408,259
Less: Accumulated Depreciation	1,091,827	1,950,913	2,394,001	693,855	6,130,596
Net Property Plant and Equipment	1,710,177	1,852,706	2,297,596	417,184	6,277,663
Construction in Progress	-	-	24,228	-	24,228
Land Held for Future Use	1,837	50,820	-	-	52,657
Total Capital Assets	1,712,014	1,903,526	2,321,824	417,184	6,354,548
Other Assets:					
Special Assessments Receivable	11,393	-	-	-	11,393
Long-Term Advances to Tax Incremental District #2 from Revenue Bond Proceeds (Less Current Portion)	-	1,617	-	-	1,617
Total Other Assets	11,393	1,617	-	-	13,010
Total Assets	\$ 2,961,796	\$ 2,432,005	\$ 3,993,260	\$ 495,143	\$ 9,882,204

See accompanying Notes to the Basic Financial Statements.

CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	\$ 2,027	\$ 7,176	\$ 90,399	\$ 7,559	\$ 107,161
Due to Other Funds	-	-	-	56,581	56,581
Accrued Salaries and Employee Benefits	-	-	428,860	-	428,860
Accrued Interest Payable	2,716	996	12,704	5,728	22,144
Accrued Employee Leave Liabilities - Current Portion	5,165	9,598	-	-	14,763
Deposits	-	-	-	12,710	12,710
Unearned Revenue	-	-	-	10	10
Current Portion of Advance from Other Funds	-	-	-	3,156	3,156
Current Portion of Long-Term Debt	95,319	61,462	61,876	39,428	258,085
Total Current Liabilities Payable from Current Assets	<u>105,227</u>	<u>79,232</u>	<u>593,839</u>	<u>125,172</u>	<u>903,470</u>
Current Liabilities Payable from Restricted Assets:					
Accrued Interest Payable	-	520	-	-	520
Trust Funds and Restricted Donations	-	-	30,008	-	30,008
Current Portion of Revenue Bonds	-	20,000	-	-	20,000
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>20,520</u>	<u>30,008</u>	<u>-</u>	<u>50,528</u>
Long-Term Liabilities (Less Current Portion):					
Other Postemployment Benefits Payable	5,122	9,808	-	-	14,930
Advance from Other Funds	-	-	-	17,801	17,801
General Obligation Promissory Notes	339,213	145,390	201,365	19,816	705,784
Unamortized Debt Premium	-	2,848	-	-	2,848
Mortgage Revenue Bonds	-	135,064	1,935,436	600,900	2,671,400
Total Long-Term Liabilities (Net of Current Portion)	<u>344,335</u>	<u>293,110</u>	<u>2,136,801</u>	<u>638,517</u>	<u>3,412,763</u>
Total Liabilities	449,562	392,862	2,760,648	763,689	4,366,761
NET POSITION					
Net Investment in Capital Assets	1,277,482	1,538,762	123,148	(242,960)	2,696,432
Restricted for Plant Replacement	-	193,959	-	-	193,959
Restricted for Debt Retirement	-	89,920	184,845	77,897	352,662
Restricted by Donors	-	-	10,938	-	10,938
Unrestricted	1,234,752	216,502	913,681	(103,483)	2,261,452
Total Net Position	<u>2,512,234</u>	<u>2,039,143</u>	<u>1,232,612</u>	<u>(268,546)</u>	<u>5,515,443</u>
Total Liabilities and Net Position	<u>\$ 2,961,796</u>	<u>\$ 2,432,005</u>	<u>\$ 3,993,260</u>	<u>\$ 495,143</u>	<u>\$ 9,882,204</u>

See accompanying Notes to the Basic Financial Statements.

CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities - Enterprise Funds				Totals
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
OPERATING REVENUES:					
Charges for Services	\$ 363,646	\$ 465,795	\$ 5,486,546	\$ 164,324	\$ 6,480,311
Other Operating Revenues	35,223	2,474	147,217	21,447	206,361
Total Operating Revenues	<u>398,869</u>	<u>468,269</u>	<u>5,633,763</u>	<u>185,771</u>	<u>6,686,672</u>
OPERATING EXPENSES:					
Operation and Maintenance	173,969	321,064	5,779,016	116,377	6,390,426
Depreciation	67,942	105,122	172,486	40,691	386,241
Total Operating Expenses	<u>241,911</u>	<u>426,186</u>	<u>5,951,502</u>	<u>157,068</u>	<u>6,776,667</u>
OPERATING INCOME (LOSS)	156,958	42,083	(317,739)	28,703	(89,995)
NONOPERATING REVENUES (EXPENSES):					
Intergovernmental Grants	-	-	459,738	-	459,738
Interest Income	5,039	1,862	954	148	8,003
Rental Income	-	6,026	-	-	6,026
Amortization of Debt Premium	-	1,464	-	-	1,464
Interest Expense	(24,624)	(12,695)	(85,052)	(34,004)	(156,375)
Rental Property Expense	-	(781)	-	-	(781)
Total Nonoperating Revenues (Expenses)	<u>(19,585)</u>	<u>(4,124)</u>	<u>375,640</u>	<u>(33,856)</u>	<u>318,075</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	137,373	37,959	57,901	(5,153)	228,080
CAPITAL CONTRIBUTIONS	10,398	62,831	-	-	73,229
TRANSFERS OUT	<u>(56,356)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,356)</u>
CHANGE IN NET POSITION	91,415	100,790	57,901	(5,153)	244,953
Net Position - Beginning of Year	<u>2,420,819</u>	<u>1,938,353</u>	<u>1,174,711</u>	<u>(263,393)</u>	<u>5,270,490</u>
NET POSITION - END OF YEAR	<u>\$ 2,512,234</u>	<u>\$ 2,039,143</u>	<u>\$ 1,232,612</u>	<u>\$ (268,546)</u>	<u>\$ 5,515,443</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers and Users	\$ 344,063	\$ 466,825	\$ 5,504,080	\$ 163,602	\$ 6,478,570
Cash Received from Municipality for Fire Protection	38,250	-	-	-	38,250
Other Cash Received	-	-	147,217	21,447	168,664
Cash Paid to Suppliers for Goods and Services	(91,825)	(149,966)	-	-	(241,791)
Cash Paid for Employee Services	(80,996)	(151,931)	-	-	(232,927)
Cash Paid to Employees and for Operating Expenses	-	-	(5,939,691)	(84,099)	(6,023,790)
Cash Received (Paid) for Sewer Share of Meter Expense	14,820	(14,820)	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>224,312</u>	<u>150,108</u>	<u>(288,394)</u>	<u>100,950</u>	<u>186,976</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash Received from Rental Properties	-	6,026	-	-	6,026
Cash Paid for Rental Property Expense	-	(781)	-	-	(781)
Cash Received from Intergovernmental Transfer Program	-	-	459,738	-	459,738
Cash Paid to General Fund for Tax Equivalents	(56,356)	-	-	-	(56,356)
Cash Received from Special Assessments	-	-	-	-	-
Purchased from Sewer Utility Enterprise Fund	1,273	-	-	-	1,273
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(55,083)</u>	<u>5,245</u>	<u>459,738</u>	<u>-</u>	<u>409,900</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Cash Payments for Capital Assets	(6,268)	(27,312)	(7,480)	(26,304)	(67,364)
Cash Received from Salvage of Capital Assets	3,235	-	-	-	3,235
Cash Received from Payment of Special Assessments	1,755	-	-	-	1,755
Cash Received from Customer Contributions for Capital Assets	-	424	-	-	424
Cash Received from Repayment of Advance to Tax Incremental District	54,483	1,827	-	-	56,310
Cash Received from Proceeds of Long-Term Debt	497,903	-	-	-	497,903
Principal Paid on Long-Term Debt	(613,371)	(78,751)	(39,485)	(41,738)	(773,345)
Interest and Fiscal Agent Fees Paid on Long-Term Debt	(24,182)	(13,048)	(85,842)	(34,344)	(157,416)
Net Cash Used by Capital and Related Financing Activities	<u>(86,445)</u>	<u>(116,860)</u>	<u>(132,807)</u>	<u>(102,386)</u>	<u>(438,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Withdrawals from Debt Redemption Fund	-	-	-	1,303	1,303
Deposits into Depreciation Fund	-	-	(70,421)	-	(70,421)
Deposits into Debt Service Reserve	-	-	(18,614)	-	(18,614)
Reinvested Interest Income	(2,588)	(1,701)	(579)	(15)	(4,883)
Cash Received from Interest on Investments	2,588	1,701	954	148	5,391
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>(88,660)</u>	<u>1,436</u>	<u>(87,224)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>82,784</u>	<u>38,493</u>	<u>(50,123)</u>	<u>-</u>	<u>71,154</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>730,830</u>	<u>151,803</u>	<u>308,852</u>	<u>62</u>	<u>1,191,547</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 813,614</u>	<u>\$ 190,296</u>	<u>\$ 258,729</u>	<u>\$ 62</u>	<u>\$ 1,262,701</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Business-Type Activities - Enterprise Funds				Total
	Water Utility	Sewer Utility	Knapp Haven Nursing Home	Pelican Place Apartments	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 156,958	\$ 42,083	\$ (317,739)	\$ 28,703	\$ (89,995)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	67,942	105,122	172,486	40,691	386,241
(Increase) Decrease in Assets:					
Accounts Receivable	(1,736)	(1,444)	17,534	-	14,354
Other Accounts Receivable	-	-	(118,006)	-	(118,006)
Due from Other Funds	-	-	(32,780)	-	(32,780)
Inventories	(2,227)	590	-	-	(1,637)
Prepaid Expenses	33	160	-	-	193
Other Current Assets	-	-	(2,939)	-	(2,939)
Increase (Decrease) in Liabilities:					
Accounts Payable	1,398	6,139	(20,967)	58	(13,372)
Accrued Employee Leave Liability	986	(4,160)	-	-	(3,174)
Other Current Liabilities	-	-	14,017	31,498	45,515
Other Postemployment Benefits Payable	958	1,618	-	-	2,576
Net Cash Provided (Used) by Operating Activities	<u>\$ 224,312</u>	<u>\$ 150,108</u>	<u>\$ (288,394)</u>	<u>\$ 100,950</u>	<u>\$ 186,976</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:					
Cash and Investments Per Statement of Net Position:					
Cash and Investments - Current	\$ 1,181,280	\$ 190,296	\$ 258,729	\$ 62	\$ 1,630,367
Cash and Investments - Noncurrent and Restricted	-	284,000	470,869	77,897	832,766
	<u>1,181,280</u>	<u>474,296</u>	<u>729,598</u>	<u>77,959</u>	<u>2,463,133</u>
Less: Certificates of Deposit with a Maturity Greater than Three Months	<u>367,666</u>	<u>284,000</u>	<u>470,869</u>	<u>77,897</u>	<u>1,200,432</u>
Total Cash and Cash Equivalents	<u>\$ 813,614</u>	<u>\$ 190,296</u>	<u>\$ 258,729</u>	<u>\$ 62</u>	<u>\$ 1,262,701</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Capital Assets Financed by Tax Incremental District	\$ 10,398	\$ 62,407	\$ -	\$ -	\$ -

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014**

	<u>Agency Fund</u>
ASSETS	
Cash and Investments	\$ 376,138
Taxes Receivable	1,717,528
Total Assets	<u>\$ 2,093,666</u>
LIABILITIES	
Due to Other Governmental Units	<u>\$ 2,093,666</u>

See accompanying Notes to the Basic Financial Statements.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Chetek is governed by a mayor/council form of government. The council consists of four members elected from four wards within the City and the mayor.

The financial reporting of the City is defined by the GASB to consist 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 the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The reporting entity for the City consists of operations under the direct responsibility of the elected governing body (primary government). No other organizations were identified for inclusion in the financial reporting entity of the City.

Knapp Haven Nursing Home (hereinafter Nursing Home) and Pelican Place Apartments (hereinafter Apartments) are owned and operated by the City of Chetek as not-for-profit, tax exempt entities. It is the intent of the City of Chetek Council that the costs (expenses, including depreciation) of providing services to the residents on a continuing basis be financed or recovered primarily through user charges of the Nursing Home and Apartments. Operations of the Nursing Home and Apartments are under the direct supervision of a common board of directors consisting of seven members subject to appointment by the City Council. The Nursing Home and Apartments financial statements are reported on a June 30 fiscal year. Separately issued financial statements of the Nursing Home and Apartments may be obtained from the offices at 725 Knapp Street, Chetek, WI 54728-9106.

The City was also a participating member of two joint ventures as further discussed in Note 4.D.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds as described below):

Government-Wide Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of 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 to external parties for support.

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 to a specific function or segment. Program revenues include: (a) charges to customers or applicant who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (b) 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.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the City. It is used to account for all financial resources of the City, except those required to be accounted for in another fund.

Housing Rehabilitation Revolving Loan Program Fund – The Housing Rehabilitation Revolving Loan Program Fund, a special revenue fund, is used to account for federal grants received through the State of Wisconsin for the purpose of financing housing rehabilitation loans. Repayments received on these loans are a restricted revenue source which is used to finance similar housing rehabilitation loans.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds. For report purposes, the City has considered its various debt service funds as one fund.

Tax Incremental District (TID) No. 2 Projects Fund – The TID #2 Projects Fund, a capital projects fund, is used to account for financial resources to be used for the acquisition or construction of projects within the scope of the District's plan.

All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major enterprise funds:

Water Utility – This fund accounts for the operations of the water system. Utility operations are subject to regulation by the Wisconsin Public Service Commission.

Sewer Utility – This fund accounts for the operations of the wastewater collection system and treatment facilities.

Knapp Haven Nursing Home – The Knapp Haven Nursing Home fund is used to account for the operations of the City's 97-bed licensed nursing care facility. The information presented is for the fiscal year ended June 30, 2014.

Pelican Place Apartments – The Pelican Place Apartments enterprise fund is used to account for the operations of a 14 unit apartment complex for the elderly. The information presented is for the fiscal year ended June 30, 2014.

The City had no other enterprise funds to report as nonmajor funds.

Additionally, the City reports the following fiduciary fund:

Agency Fund – This fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. The agency fund is primarily used to account for the collection of property taxes for other governmental entities.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The government-wide financial statements, the proprietary funds and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned.

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 government's utility functions 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.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed 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 City considers revenues reported in the governmental funds to be available if they are collected within sixty days after the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. Actual results could differ from those estimates.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

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

- a) Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b) Bonds or securities issued or guaranteed by the federal government.
- c) Bonds or securities of any county, city, drainage district, technical college district, City, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
- d) Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- e) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- f) Bonds or securities issued under the authority of the municipality.
- g) The local government investment pool.
- h) Repurchase agreements with public depositories, with certain conditions.

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds is regulated by Chapter 881 of the *Wisconsin Statutes*. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

Investments of the City are stated at fair value.

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. The resulting tax roll is recorded as receivable in the City's agency fund with amounts due other governmental units and other funds of the City recorded as liabilities therein. Since City property taxes are not considered revenue until January 1 of the year following the levy, they are recorded as deferred inflows of resources in the funds budgeted therefore.

CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

Property Taxes (Continued). Real property taxes are payable in full on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the Barron County Treasurer for collection in February. Barron County subsequently settles in full with the City in August of the same year, except for uncollected delinquent special assessments and special charges. (The County has the option to settle in full for delinquent special assessments and special charges or to remit them to the City as collections are received). Delinquent personal property taxes are retained by the City for collection. If applicable, a portion of the general fund balance is nonspendable for the City's investment in delinquent taxes.

Special Assessments. Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2014 tax roll are recognized as revenue in 2015.) Special assessments recorded in proprietary funds are recorded as revenue at the time the assessments are subject to collection procedures.

Accounts Receivable. Accounts receivable in the Knapp Haven Nursing Home enterprise fund are offset by an allowance for uncollectible accounts of \$190,000 at June 30, 2014. The allowance is based upon historical experience, coupled with management's review of the current status of the existing receivables. All other accounts receivable are considered to be collectible in full.

Loans Receivable. The City has received federal and state grant funds for housing rehabilitation loan programs to various individuals. The City records a loan receivable when the loan has been made and funds have been disbursed. The amounts recorded as housing rehabilitation loans receivable have not been reduced by an allowance for uncollectible accounts since the City does not expect such amounts to be material to the financial statements. In the fund financial statements, it is the City's policy to record deferred inflows of resources for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

Interfund Balances. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

5. Capital Assets

Government-Wide Statements. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks 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 initial, individual costs as shown below and an estimated useful life of two years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets 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, if material, is included as part of the capitalized value of the assets constructed.

**CITY OF CHETEK, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

Government-Wide Statements (Continued). Infrastructure assets for governmental activities are reported prospectively only, beginning with 2004, as allowed by GASB Statement No. 34.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

Assets	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 1,000	N/A	N/A
Land Improvements	1,000	Straight-line	20 - 40 Years
Buildings	1,000	Straight-line	10 - 50 Years
Furniture and Equipment	1,000	Straight-line	5 - 20 Years
Vehicles	1,000	Straight-line	8 Years
Utility Systems	1,000	Straight-line	4 - 100 Years
Infrastructure	1,000	Straight-line	20 - 50 Years

The Water Utility follows the capitalization threshold and estimated useful lives outlined above but utilize a depreciation method required by the Wisconsin Public Service Commission. This method dictates that cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation. The results of applying this method approximate that of the straight-line depreciation method.

Fund Financial Statements. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

6. 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. No deferred outflows of resources are reported in these financial statements in the current year.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

7. Deferred Inflows of Resources

The City's governmental activities and governmental fund financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The City will not recognize the related revenue until a future event occurs. The City has two types of items which are reported as deferred inflows. 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 does not have deferred inflows of resources to report in its proprietary fund financial statements in the current year.

8. Compensated Absences

Liabilities for accumulated employee leave are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned.

9. Other Postemployment Benefits Payable

Under the provisions of various employee and union contracts the City provides a supplemental retirement program for certain employees which includes certain health insurance benefits if certain age and minimum years of service requirements are met. All premiums are funded on a pay-as-you-go basis. This amount was actuarially determined, in accordance with GASB 45. GASB 45 was implemented prospectively, meaning that the net OPEB obligation was zero at transition.

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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 at the time of issuance.

CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

11. Defining Operating Revenues and Expenses

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 utility and sewer utility are charges to customers for sales and services. Operating expenses for proprietary 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.

12. Use of Restricted Resources

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

13. Equity Classifications

Fund equity, representing the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources, is classified as follows in the City's financial statements:

Government-Wide Statements. Fund equity is classified as net position in the government-wide financial statements and is displayed in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There were no restrictions to net position based on enabling legislation at year-end. All other net position is displayed as unrestricted.

Fund Financial Statements. In the fund financial statements, governmental funds report components of fund balance to provide information about fund balance availability for appropriation. Nonspendable fund balance represents amounts that are inherently nonspendable or assets that are legally or contractually required to be maintained intact. Restricted fund balance represents amounts available for appropriation but intended for a specific use and is legally restricted by outside parties. Committed fund balance represents constraints on spending that the government imposes upon itself by high-level formal action prior to the close of the fiscal period. Assigned fund balance represents resources intended for spending for a purpose set by the government body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.

CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

13. Equity Classifications (Continued)

Fund Financial Statements (Continued). Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications. It is the City's policy that at the end of each fiscal year, the City will maintain unassigned portion of fund balance for cash flow of at least 25% of annual general fund expenditures.

Committed fund balance is required to be established, modified, or rescinded by resolution of the City Council prior to each year end. Based on resolution of the City Council, the Clerk-Treasurer will have the authority to establish or modify assigned fund balance. When restricted and unrestricted fund balance is available for expenditure, it is the City's policy to first use restricted fund balance. When committed, assigned, and unassigned fund balance is available for expenditure, it is the City's policy to use committed, assigned and finally unassigned fund balance.

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

The Tax Incremental District #2 fund and Tax Incremental District #3 fund had deficit fund balances of \$176,237 and \$61,496, respectively, at December 31, 2014. These deficits will be funded through future tax increments. The Pelican Place Apartments had deficit net position of \$268,546 as of June 30, 2014. This deficit will be funded through future operational results.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2014 as shown in the financial statements are as follows:

Governmental Funds	\$ 2,089,853
Proprietary Funds	2,463,133
Fiduciary Funds	376,138
Total	<u>\$ 4,929,124</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Deposits and Investments (Continued)

The above cash and investments consisted of the following:

	Balance 12/31/14
Treasurer's Cash and Investments:	
Deposits in Financial Institutions	\$ 4,313,486
Petty Cash Funds	1,040
	4,314,526
Restricted Cash and Investments:	
Deposits in Financial Institutions	614,598
	\$ 4,929,124

Deposits at Financial Institutions

The City's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$250,000 for time and savings deposits and up to \$250,000 for demand deposits at any institution. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the City to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be returned. At December 31, 2014, the City's deposits were exposed to custodial credit risk by the uninsured and uncollateralized amount of \$150,622.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Receivables

Housing Rehabilitation Loans Receivable. Over the years, the City was been awarded Community Development Block Grants to finance housing rehabilitation as specified in the grant agreements. Various housing rehabilitation loans have been financed with the proceeds of the grants.

At December 31, 2014 the City had outstanding four installment loans totaling \$18,475. These loans are being repaid to the City under terms established through the program. Receivables have been recorded in the special revenue fund in the amount of the outstanding balances of these loans and are equally offset by deferred inflows or resources recorded therein. Revenue is recognized in the special revenue fund as collections are received on these loans.

The City also had 117 mortgage loans outstanding at December 31, 2014 totaling \$1,123,714. These notes become due and payable in the event that the maker:

- a. no longer continues to occupy the premises securing this note as a full time residence, or
- b. transfers any legal or equitable interest in the mortgaged premises to anyone for any reason.

These loans are recorded as long-term receivables and deferred inflows of resources in the special revenue fund. Collections on these loans are recognized as revenue in the special revenue fund at the time of their receipt.

Proceeds from the collection of the above loans are restricted for financing similar rehabilitation projects.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2014 is as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 423,618	\$ -	\$ -	\$ 423,618
Capital Assets Being Depreciated:				
Land Improvements	157,718	-	-	157,718
Buildings	1,455,611	-	230,000	1,225,611
Furniture and Equipment	774,950	-	3,575	771,375
Vehicles	613,142	25,409	27,532	611,019
Infrastructure	2,266,865	233,374	-	2,500,239
Total Capital Assets Being Depreciated	<u>5,268,286</u>	<u>258,783</u>	<u>261,107</u>	<u>5,265,962</u>
Total Capital Assets	5,691,904	258,783	261,107	5,689,580
Accumulated Depreciation:				
Land Improvements	81,009	2,747	-	83,756
Buildings	528,953	27,123	98,019	458,057
Furniture and Equipment	399,360	43,840	2,635	440,565
Vehicles	235,694	66,953	20,649	281,998
Infrastructure	482,525	99,126	-	581,651
Total Accumulated Depreciation	<u>1,727,541</u>	<u>239,789</u>	<u>121,303</u>	<u>1,846,027</u>
Net Capital Assets - Governmental Activities	<u>\$ 3,964,363</u>	<u>\$ 18,994</u>	<u>\$ 139,804</u>	<u>\$ 3,843,553</u>

Depreciation was charged to governmental functions as follows:

General Government	\$ 2,766
Public Safety	19,901
Transportation	179,281
Sanitation	27,218
Health and Human Services	300
Culture, Recreation and Education	7,959
Conservation and Development	2,364
Total Depreciation - Governmental Activities	<u>\$ 239,789</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Water Utility:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 650	\$ -	\$ -	\$ 650
Utility Property	1,837	-	-	1,837
Total Capital Assets Not Being Depreciated	2,487	-	-	2,487
Capital Assets Being Depreciated:				
Source of Supply	7,096	-	-	7,096
Pumping Plant	49,204	-	-	49,204
Water Treatment	33,898	-	-	33,898
Transmission and Distribution	2,424,633	16,666	4,625	2,436,674
Administration and General Assets	274,482	-	-	274,482
Total Capital Assets Being Depreciated	2,789,313	16,666	4,625	2,801,354
Total Capital Assets	2,791,800	16,666	4,625	2,803,841
Less Accumulated Depreciation	1,025,275	67,942	1,390	1,091,827
Net Capital Assets - Water Utility	1,766,525	(51,276)	3,235	1,712,014
Sewer Utility:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	53,359	-	-	53,359
Capital Assets Being Depreciated:				
Collection System	1,272,423	62,407	3,000	1,331,830
Collection System Pumping Installations	410,409	27,312	18,250	419,471
Treatment and Disposal Plant	1,738,860	-	-	1,738,860
Administration and General Assets	310,919	-	-	310,919
Total Capital Assets Being Depreciated	3,732,611	89,719	21,250	3,801,080
Total Capital Assets	3,785,970	89,719	21,250	3,854,439
Less Accumulated Depreciation	1,867,041	105,122	21,250	1,950,913
Net Capital Assets - Sewer Utility	1,918,929	(15,403)	-	1,903,526

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

Business-Type Activities (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Knapp Haven Nursing Home:				
Capital Assets Not Being Depreciated				
Land	\$ 19,328	\$ -	\$ -	\$ 19,328
Construction Work in Progress	24,228	-	-	24,228
Total Capital Assets Not Being Depreciated	43,556	-	-	43,556
Capital Assets Being Depreciated:				
Land Improvements	114,520	25,401	-	139,921
Buildings	3,344,106	11,179	-	3,355,285
Fixed Equipment	646,383	-	-	646,383
Major Movable Equipment	412,870	12,065	-	424,935
Vehicles	88,785	16,960	-	105,745
Total Capital Assets Being Depreciated	4,606,664	65,605	-	4,672,269
Total Capital Assets	4,650,220	65,605	-	4,715,825
Less Accumulated Depreciation	2,221,515	172,486	-	2,394,001
Net Capital Assets - Knapp Haven Nursing Home	2,428,705	(106,881)	-	2,321,824
Pelican Place Apartments:				
Capital Assets Not Being Depreciated				
Land	8,849	-	-	8,849
Capital Assets Being Depreciated:				
Land Improvements	51,625	2,950	-	54,575
Buildings	644,707	23,354	-	668,061
Fixed Equipment	342,251	-	-	342,251
Major Moveable Equipment	37,303	-	-	37,303
Total Capital Assets Being Depreciated	1,075,886	26,304	-	1,102,190
Total Capital Assets	1,084,735	26,304	-	1,111,039
Less Accumulated Depreciation	653,164	40,691	-	693,855
Net Capital Assets - Pelican Place Apartments	431,571	(14,387)	-	417,184
Net Capital Assets - Business-Type Activities	\$ 6,545,730	\$ (187,947)	\$ 3,235	\$ 6,354,548

Depreciation was charged to business-type activities as follows:

Water Utility	\$ 67,942
Sewer Utility	105,122
Knapp Haven Nursing Home	172,486
Pelican Place Apartments	40,691
Total Depreciation - Business-Type Activities	<u>\$ 386,241</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2014 was as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Incremental District #3 Fund	\$ 61,496
General Fund	Tax Incremental District #2 Fund	41,653
General Fund	Knapp Haven Nursing Home	2,599
Knapp Haven Nursing Home	Pelican Place Apartments	56,581
		<u>\$ 162,329</u>

The amount due the general fund from Knapp Haven enterprise fund consists of temporary financing of current year expenses to be settled in 2015. The amount reported in the Knapp Haven enterprise fund at June 30, 2014 is zero, a difference of \$2,599 due to the timing difference of the year ends. The purpose of the remaining above balances were to fund cash overdrafts in the respective funds at year end and are expected to be settled in 2015.

Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Pelican Place Apartments	\$ 19,379
Sewer Utility Enterprise Fund (Bonds)	Tax Incremental District #2 Fund	3,234
		<u>\$ 22,613</u>

At December 31, 2014 the sewer utility enterprise fund had an outstanding advance due from the Tax Incremental District #2 capital projects fund in the amount of \$3,234. These funds were advanced from proceeds of utility revenue bonds issued during 1998. The advance is to be repaid over the life of the revenue bond as tax incremental revenues are realized. Future scheduled principal and interest repayments on the advance are presented in supplementary Schedule E-6.

The City had an outstanding advance from its general fund to the Pelican Place Apartments enterprise fund at December 31, 2014 of \$19,379. On January 9, 2001 the City Council approved the advance of \$63,563 to the City's Pelican Place Apartments enterprise fund. This advance is interest free and is being repaid in monthly installments of \$263. As of December 31, 2014, \$44,184 has been collected on the advance leaving a balance of \$19,379. The amount of the advance reported in the Pelican Place enterprise fund at June 30, 2014 is \$20,957, a difference of \$1,578 due to the timing difference of the year ends.

Interfund balances that are owed within the governmental activities and business-type activities are eliminated in the statement of net position.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Interfund Receivables, Payables and Transfers (Continued)

Interfund Transfers

The following is a schedule of interfund transfers made during 2014:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General Fund	Water Utility Enterprise Fund	\$ 56,356
Debt Service Fund	General Fund	105,254
Debt Service Fund	Stormwater Fund	20,117
Debt Service Fund	Tax Incremental District #2 Fund	228,824
		<u>\$ 410,551</u>

The property tax equivalent paid by the water utility to the general fund is reflected as an interfund transfer in the financial statements. The transfers from the various funds to the debt service fund were made to finance each fund's share of current year debt maturities payable from governmental funds.

E. Long-Term Obligations

Changes in Long-Term Obligations

Changes in the long-term obligations of the City for the year ended December 31, 2014 were as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-Term Debt:					
Governmental Activities:					
General Obligation Debt	\$ 1,525,685	\$ 52,097	\$ 309,205	\$ 1,268,577	\$ 264,899
Unamortized Debt Premium	36,000	-	9,462	26,538	8,133
	<u>1,561,685</u>	<u>52,097</u>	<u>318,667</u>	<u>1,295,115</u>	<u>273,032</u>
Business-Type Activities:					
General Obligation Notes:					
Water Utility	-	497,903	63,371	434,532	95,319
Sewer Utility	205,020	-	29,480	175,540	30,150
Knapp Haven Nursing Home	276,924	-	39,487	237,437	36,072
Pelican Place Apartments	27,483	-	3,739	23,744	3,928
Unamortized Debt Premium	5,571	-	1,464	4,107	1,259
Mortgage Revenue Bonds:					
Water Utility	550,000	-	550,000	-	-
Sewer Utility	234,388	-	49,271	185,117	50,053
Knapp Haven Nursing Home	1,986,102	-	24,862	1,961,240	25,804
Pelican Place Apartments	670,200	-	33,800	636,400	35,500
Total Business-Type Activities	<u>3,955,688</u>	<u>497,903</u>	<u>795,474</u>	<u>3,658,117</u>	<u>278,085</u>
Total Long-Term Debt	<u>\$ 5,517,373</u>	<u>\$ 550,000</u>	<u>\$ 1,114,141</u>	<u>\$ 4,953,232</u>	<u>\$ 551,117</u>

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Changes in Long-Term Obligations (Continued)

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Other Long-Term Obligations:					
Governmental Activities:					
Other Postemployment					
Benefits Payable	\$ 65,408	\$ 18,346	\$ 5,077	\$ 78,677	\$ -
Employee Leave Liability	75,761	-	1,896	73,865	69,795
	<u>141,169</u>	<u>18,346</u>	<u>6,973</u>	<u>152,542</u>	<u>69,795</u>
Business-Type Activities:					
Other Postemployment					
Benefits Payable	12,354	3,482	906	14,930	-
Employee Leave Liability	17,937	-	3,174	14,763	14,763
	<u>30,291</u>	<u>3,482</u>	<u>4,080</u>	<u>29,693</u>	<u>14,763</u>
Total Other Long-Term Obligations	<u>\$ 171,460</u>	<u>\$ 21,828</u>	<u>\$ 11,053</u>	<u>\$ 182,235</u>	<u>\$ 84,558</u>

The City's estimated liabilities for employee leave are discussed in Note 4.B.

General Obligation Debt

Annual Requirements for Retirement. Individual general obligation long-term debt issued outstanding at December 31, 2014 and annual requirements for their retirement are shown below (Knapp Haven Nursing Home and Pelican Place Apartments debt balances are as of their June 30, 2014 fiscal year end):

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt (Continued)

Annual Requirements for Retirement (Continued)

	Year	Principal	Interest	Total
General Obligation Notes:				
General Obligation Refunding Bonds, \$1,940,000, dated 9/2/11, due 6/1/21, interest at 2.0% to 3.0%	2015	\$ 225,000	\$ 35,925	\$ 260,925
	2016	230,000	29,100	259,100
	2017	240,000	22,050	262,050
(general City \$780,850; TID #2 \$750,780; stormwater fund \$148,410; sewer utility \$259,960)	2018	245,000	14,775	259,775
	2019	120,000	9,300	129,300
	2020-2021	250,000	7,500	257,500
		1,310,000	118,650	1,428,650
State Trust Fund Loan, \$248,000, dated 12/22/05, due 3/15/15, interest at 4.25% (TID #2)	2015	32,664	1,389	34,053
Promissory Bank Note, \$550,000, dated 10/20/14, due 10/20/19, interest at 3.0%	2015	105,292	14,803	120,095
	2016	108,854	11,241	120,095
	2017	112,119	7,976	120,095
(TID #2 \$52,097; water utility \$497,903)	2018	115,483	4,612	120,095
	2019	38,252	1,148	39,400
		480,000	39,780	519,780
General Obligation Promissory Notes, \$584,000 authorized, \$409,000 issued, dated 11/4/09, due 9/1/19, interest at 4.5%	2015	40,000	18,772	58,772
	2016	41,000	16,994	57,994
	2017	43,000	15,061	58,061
	2018	45,000	13,080	58,080
(Knapp Haven Nursing Home \$334,670; Pelican Place Apartments \$36,330)	2019	47,000	11,012	58,012
	2020	45,181	5,013	50,194
		261,181	79,932	341,113
State Trust Fund Loan, \$215,617, dated 10/27/06, due 3/15/16, interest at 4.25% (TID #2)	2015	27,412	2,379	29,791
	2016	28,573	1,218	29,791
		55,985	3,597	59,582
Total General Obligation Long-Term Debt		\$ 2,139,830	\$ 243,348	\$ 2,383,178

Current Year Borrowing

On November 20, 2014 the City issued general obligation debt in the amount of \$550,000 for the purpose of refinancing the outstanding balances of the 1998 and 2003 water utility mortgage revenue bonds. The debt bears interest at 3.0% with annual maturities through 2019. The refunding resulted in an economic gain of \$36,877 and a decrease in future debt service payments of \$58,454.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds

At December 31, 2014 the City had several mortgage revenue bond issues outstanding as discussed below. The City's full faith and credit do not back the mortgage revenue bonds which are instead backed only by the assets and revenues of the enterprise funds and its component unit.

Sewer System Revenue Bonds. During 1998 the City authorized the issuance of two separate sewer revenue bond issues as discussed below:

Sewer System Revenue Bonds Dated May 1, 1998. The City issued sewer system revenue bonds dated May 1, 1998 in the amount of \$290,000 to provide funds necessary for plant expansion. This debt is recorded in the City's sewer utility enterprise fund. A portion of the debt was advanced to the City's tax incremental district. Scheduled annual principal and interest requirements on the debt outstanding at December 31, 2014 are shown below.

	Year	Repayment Requirements			Expecting Funding	
		Principal	Interest	Total	Sewer Utility	TID Fund
Sewer System Revenue Bonds	2015	\$ 20,000	\$ 2,600	\$ 22,600	\$ 20,857	\$ 1,743
\$290,000, dated 5/1/98,	2016	20,000	1,560	21,560	19,901	1,659
due 5/1/17, interest	2017	20,000	520	20,520	20,520	-
at 5.00% to 5.20%		<u>\$ 60,000</u>	<u>\$ 4,680</u>	<u>\$ 64,680</u>	<u>\$ 61,278</u>	<u>\$ 3,402</u>

Bonds maturing in the years 2010 and thereafter are subject to redemption prior to maturity at the option of the City on May 1, 2006 or on any day thereafter at the price of par plus accrued interest to the date of redemption.

According to the City of Chetek resolution authorizing the issuance of the above sewer system revenue bonds, the utility is to set aside gross revenues in separate and special funds as follows:

- (1) Operation and Maintenance Fund
- (2) Special Redemption Fund (Includes Debt Service and Reserve Accounts)
- (3) Depreciation Fund

Special requirements pertaining to the establishment, use and balances required in the above funds are detailed in the authorizing resolution. The special redemption fund and depreciation fund have been established by the utility. The balances in these accounts at December 31, 2014 were \$90,041 and \$193,959, respectively. These balances meet the combined requirements of these bonds and the State of Wisconsin Clean Water Fund Loan below.

**CITY OF CHETEK, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds (Continued)

State of Wisconsin Clean Water Fund Loan. The City authorized, by Resolution 98-26, the issuance of up to \$527,883 in sewerage system revenue bonds for the purpose of financing treatment plant modifications. The revenue bonds were issued to the State of Wisconsin Clean Water Fund in accordance with the terms and conditions of a Financial Assistance Agreement.

The terms of the agreement with the State provide for the disbursing of loan proceeds to the City based on approved disbursement requests. The City received \$469,411 in 1998 and an additional \$42,354 in 1999. The revenue bonds bear interest at a rate of 2.672 percent and are being amortized over twenty years.

Scheduled annual principal and interest requirements on the debt outstanding at December 31, 2014 are shown below.

	Year	Principal	Interest	Total
Sewage System Revenue Bonds, \$511,765, dated 7/8/98, due 5/1/18, interest at 2.672%	2015	\$ 30,053	\$ 2,942	\$ 32,995
	2016	30,856	2,128	32,984
	2017	31,681	1,293	32,974
	2018	32,527	435	32,962
		<u>\$ 125,117</u>	<u>\$ 6,798</u>	<u>\$ 131,915</u>

The revenue bonds may not be prepaid without the consent of the State. Consent may be withheld by the State at the State's sole discretion.

According to the resolution authorizing the issuance of the sewer system revenue bonds, the sewer utility is to set aside gross revenues in separate and special funds as follows:

- (1) Operation and Maintenance Fund
- (2) Debt Service Fund
- (3) Depreciation Fund
- (4) Surplus Fund

Special requirements pertaining to the establishment, use and balances required in the special funds are detailed in the authorizing resolution. As noted for the previous issue, the debt service and depreciation funds have been established by the utility with balances as stated above.

**CITY OF CHETEK, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds (Continued)

Elderly Apartment Revenue Bonds. The City issued \$1,000,000 of mortgage revenue bonds in 1997 to the United States Department of Agriculture-Rural Development for the construction of a frail/elderly apartment complex. This debt is recorded in the City's Pelican Place Apartments enterprise fund. Scheduled annual principal and interest requirements on the debt outstanding at June 30, 2014 are shown below.

	Fiscal Year	Principal	Interest	Total
Mortgage Revenue Bonds, \$1,000,000, dated 5/8/97, due 5/1/27, interest at 5.0%	2015	\$ 35,500	\$ 31,382	\$ 66,882
	2016	37,300	29,585	66,885
	2017	39,300	27,695	66,995
	2018	41,300	25,705	67,005
	2019	43,500	23,613	67,113
	2020-2024	253,400	82,683	336,083
	2025-2027	186,100	16,627	202,727
			<u>\$ 636,400</u>	<u>\$ 237,290</u>

The bond ordinance authorizing the issuance of the bonds calls for the creation of a special redemption fund into which revenue is pledged for the retirement of principal and interest payments. In addition to the special redemption fund, a depreciation fund is to be established with a minimum annual contribution of \$6,676, until a balance of \$66,760 is accumulated. The depreciation fund is to be used only for the payment of principal and interest if insufficient funds exist in the special redemption fund. Funds accumulated in excess of the reserve may be used to make replacements or repairs.

As of June 30, 2014, the special redemption fund had a balance of \$11,137 and the depreciation fund had a balance of \$66,760.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Mortgage Revenue Bonds (Continued)

Nursing Home Revenue Bonds. The City issued \$2,044,480 of mortgage revenue bonds during fiscal year 2011 to the United States Department of Agriculture-Rural Development for Knapp Haven nursing home improvements. This debt is recorded in the City's Knapp Haven Nursing Home enterprise fund. Scheduled annual principal and interest requirements on the debt outstanding at June 30, 2014 are shown below.

	Fiscal Year	Principal	Interest	Total
Mortgage Revenue Bonds, \$2,044,480, dated 11/18/10, due 11/18/50, interest at 3.75%	2015	\$ 25,804	\$ 73,314	\$ 99,118
	2016	26,583	72,535	99,118
	2017	27,787	71,331	99,118
	2018	28,838	70,280	99,118
	2019	29,930	69,188	99,118
	2020-2024	167,137	328,453	495,590
	2025-2029	201,482	294,108	495,590
	2030-2034	242,627	252,963	495,590
	2035-2039	292,174	203,416	495,590
	2040-2044	351,778	143,812	495,590
	2045-2049	423,729	71,862	495,591
	2050-2051	143,371	5,423	148,794
			<u>\$ 1,961,240</u>	<u>\$ 1,656,685</u>

The bond ordinance authorizing the issuance of the bonds calls for the creation of a special redemption fund into which revenue is pledged for the retirement of principal and interest payments. As of June 30, 2014, the special redemption fund had a balance of \$184,845.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2014 consisted of the following:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
Major Funds:						
General Fund						
Delinquent Taxes	\$ 4,126	\$ 4,126	\$ -	\$ -	\$ -	\$ -
Advances to Other Funds	19,379	19,379	-	-	-	-
Prepaid Items	15,451	15,451	-	-	-	-
Library Improvements	15,076	-	15,076	-	-	-
Data Processing Costs	6,245	-	-	-	6,245	-
Squad Car	2,247	-	-	-	2,247	-
Law Enforcement Equipment	5,166	-	-	-	5,166	-
Law Enforcement Radio Equipment	3,234	-	-	-	3,234	-
Vest Matching Funds	1,937	-	-	-	1,937	-
Canine Unit	5,064	-	-	-	5,064	-
Court Special Purchases	1,650	-	-	-	1,650	-
Street Machinery and Equipment	69,663	-	-	-	69,663	-
Snow and Ice Control	9,535	-	-	-	9,535	-
Garbage Truck	21,930	-	-	-	21,930	-
City Shop	3,723	-	-	-	3,723	-
Street Improvements	15,333	-	-	-	15,333	-
Airport Courtesy Van	1,068	-	-	-	1,068	-
Future Cemetery	30,000	-	-	-	30,000	-
Library Act 150	63,547	-	-	-	63,547	-
Parks	97,130	-	-	-	97,130	-
Docks and Boat Landing	38,689	-	-	-	38,689	-
Assessment of Property	18,732	-	-	-	18,732	-
Fixed Asset Replacement	36,422	-	-	-	36,422	-
Building Fund	239,261	-	-	-	239,261	-
Retirement Expense	136,449	-	-	-	136,449	-
Economic Development	10,418	-	-	-	10,418	-
Unassigned	934,979	-	-	-	-	934,979
Housing Rehabilitation Revolving Loan						
Program Fund	91,288	-	91,288	-	-	-
Debt Service Fund	21,197	-	21,197	-	-	-
Tax Incremental District #2 Projects Fund	(176,237)	-	-	-	-	(176,237)
Nonmajor Funds:						
Special Revenue Funds:						
Stormwater Fund	53,878	-	-	53,878	-	-
Capital Projects Fund:						
Tax Incremental District #3 Projects Fund	(61,496)	-	-	-	-	(61,496)
Total Governmental Fund Balances at December 31, 2014	<u>\$ 1,735,084</u>	<u>\$ 38,956</u>	<u>\$ 127,561</u>	<u>\$ 53,878</u>	<u>\$ 817,443</u>	<u>\$ 697,246</u>

G. Tax Incremental Districts

The City has created three tax incremental financing districts (TIF districts or TIDs) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Tax Incremental Districts (Continued)

The City terminated TID #1 in 1996. TID #2 and TID #3 were in existence during the year ended December 31, 2014. The resolutions creating TID #2 and TID #3 were dated May 13, 1997 and April 26, 2007, respectively. Resolutions subsequently amending TID #2 were dated April 8, 2003 and September 10, 2013. At the creation of TID #2, the statutes provided that no project costs could be expended later than seven years after the creation date of the district. The statutes further allowed the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district had been recovered, whichever occurred first. The State enacted several changes relating to tax incremental districts in 2004 (with amending legislation in 2005). One of these changes extended the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that had reached the end of its project expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004 (subject to certain conditions). The unextended maximum life of TID #3 is twenty years.

The project plans for the districts, on file in the office of the City Clerk-Treasurer, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components of the districts. Project costs uncollected at the dissolution date are absorbed by the municipality.

The following is a summary of TID #2 and TID #3 project costs and revenues through December 31, 2014:

	<u>TID #2</u>	<u>TID #3</u>
Accumulated Project Costs:		
From Inception to December 31, 2014	\$ 4,163,326	\$ 274,251
Accumulated Project Revenues:		
Tax Increments	2,864,210	-
Intergovernmental Revenues	322,156	-
Special Assessments Levied	29,995	-
Sale of Property	15,144	-
Rent	20,930	6,161
Interest on Investments	65,948	-
Premium on Debt Issued	27,619	-
Transfers In	-	206,594
Total Project Revenues	<u>3,346,002</u>	<u>212,755</u>
Future Project Revenues Necessary to Recover Net Costs to Date	<u>\$ 817,324</u>	<u>\$ 61,496</u>

**CITY OF CHETEK, WISCONSIN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2014**

NOTE 3 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Tax Incremental Districts (Continued)

The above summary of transactions is reconcilable to the TID fund balances (deficits) at December 31, 2014 as follows:

	TID #2	TID #3
Long-Term Debt Payable from TID Fund:		
State Trust Fund Loan Dated 12/22/05	\$ 32,664	\$ -
State Trust Fund Loan Dated 10/27/06	55,985	-
G.O. Refunding Bonds Dated 9/2/11	506,970	-
General Obligation Note Dated 1/18/08	45,468	-
	641,087	-
Less Unrecovered Costs Above	817,324	61,496
Fund Balance (Deficit) December 31, 2014	\$ (176,237)	\$ (61,496)

In addition to the above long-term debt payable from TID funds, TID #2 was obligated for revenue bond proceeds and operating funds advanced to it from the sewer utility as previously discussed in Note 3.D. The balance of the advance to TID #2 from the sewer utility at December 31, 2014 was \$3,234.

NOTE 4 OTHER INFORMATION

A. Employee Retirement Plan

All eligible City of Bloomer employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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. 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. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

A. Employee Retirement Plan (Continued)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.0%	7.0%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.0%	10.31%
Protective without Social Security	7.0%	13.91%

The payroll for the City employees covered by the WRS for the year ended December 31, 2014 was \$295,384; the employer's total payroll was \$4,659,043. The total required contribution for the year ended December 31, 2014 was \$52,291, which consisted of \$30,454, or 10.31 percent of payroll from the employer and \$20,677, or 7.0 percent of payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$52,291 and \$45,643 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. 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.

The WRS also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

B. Employee Leave Liabilities

Vacation is expected to be used annually, but will be paid out in the event of retirement or termination. Also, the City allows employee compensatory time off in lieu of pay at the rate of one and one-half hours for each hour of overtime worked. Such time is expected to be used in the year it is earned. The maximum accumulation of compensatory hours is 60. Upon normal retirement, any unused compensatory time may be paid out at the employee's regular rate of pay and at the discretion of the governing body.

Liabilities for accumulated employee leave are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and propriety fund financial statements when earned. The estimated liabilities for unused vacation and compensatory time payable from governmental funds and proprietary funds at December 31, 2014 were \$73,865 and \$14,763, respectively.

Employees of Knapp Haven Nursing Home receive all purpose paid leave ("APPL") for paid time off which encompasses sick leave, personal holidays and vacation time. Employees are granted "APPL" time based on length of service. The estimated liability for accumulated "APPL" time was \$258,422 at June 30, 2014.

C. Other Postemployment Benefit Plan

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions.

Single-Employer Plan Description

The City offers a supplemental retirement program for certain employees which includes certain health insurance benefits. The City provides these benefits according to negotiated agreements. The amounts vary based on age, years of service, and classification of employees. As of the actuarial study date there were approximately 15 active participants and no retired participants receiving benefits from the City's health plans.

Funding Policy

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2014, the City contributed an estimated \$5,983 to the plan.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Funding Policy (Continued)

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 21,689
Interest on Net OPEB Obligation	3,110
Adjustment to Annual Required Contribution	<u>(2,971)</u>
Annual OPEB Cost (Expense)	21,828
Contributions Made	<u>(5,983)</u>
Increase in Net OPEB Obligation	15,845
Net OPEB Obligation- Beginning of Year	<u>77,762</u>
Net OPEB Obligation- End of Year	<u><u>\$ 93,607</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014:

Fiscal Year <u>Ended</u>	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 21,828	27.4%	\$ 93,607
12/31/2013	21,792	8.9%	77,762
12/31/2012	21,760	15.4%	57,902

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$194,785 which is 25.4% of covered payroll in the amount of \$766,100.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

C. Other Postemployment Benefit Plan (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% interest discount rate of return. The initial healthcare trend rate was 10%, reduced by decrements to an ultimate rate of 5.0% by the year 2023. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2014 was 27 years.

D. Joint Ventures

Chetek Fire District

The City of Chetek and the Town of Chetek have jointly contracted to provide mutual fire protection for the City and Town through the Chetek Fire District (District). The operations of the District are governed by its bylaws and articles of agreement made between the two municipalities.

The articles of agreement establish a Joint Fire Board that manages and directs the fire protection within the District. The Board consists of two members representing the City and two members representing the Town. The Chief of the Chetek Volunteer Fire Department is an ex-officio member of the Board.

The principal sources of funding are the two participating municipalities. Net costs are allocated between the municipalities in accordance with a mutual contract entered into for that purpose. In addition, the District also provides fire protection services to other towns on a contracted basis. The City's assessments for 2014 totaled \$53,408.

Chetek Ambulance Service

The City of Chetek participates in a joint municipal ambulance service with the Towns of Chetek, Dovre, Prairie Lake and Sioux Creek in order to provide ambulance and/or emergency medical services.

The ambulance service is managed by a Joint Ambulance Commission consisting of six members made up of the ambulance service director and one member from each of the five participating municipalities. The ambulance service director is a non-voting member of the Commission.

**CITY OF CHETEK, WISCONSIN
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 OTHER INFORMATION (CONTINUED)

D. Joint Ventures (Continued)

Chetek Ambulance Service (Continued)

The costs of operating the ambulance service are allocated to member parties on the basis of relative population size or as the parties may otherwise agree. The City's assessments for 2014 totaled \$34,202. The process for determining a party's interest in property should an election be made to terminate are detailed in Articles of Agreement. Generally, interest in the property is to be based on the median amount per three independent appraisals.

E. Risk Management

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHETEK, WISCONSIN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 1,252,100	\$ 1,252,100	\$ 1,256,757	\$ 4,657
Intergovernmental	519,100	659,455	638,327	(21,128)
Licenses and Permits	46,900	46,900	67,412	20,512
Fines and Forfeits	25,400	25,400	32,396	6,996
Public Charges for Services	351,600	411,682	419,441	7,759
Intergovernmental Charges for Services	3,600	3,600	4,121	521
Miscellaneous:				
Interest	10,500	10,500	7,021	(3,479)
Rent	6,900	6,900	12,050	5,150
Other	1,000	2,125	9,060	6,935
Total Revenues	2,217,100	2,418,662	2,446,585	27,923
EXPENDITURES				
General Government	386,915	406,616	384,869	21,747
Public Safety	687,760	693,630	688,387	5,243
Transportation	431,400	509,283	509,051	232
Sanitation	298,200	323,858	317,011	6,847
Health and Human Services	3,500	4,045	4,045	-
Culture, Recreation and Education	167,500	166,274	157,128	9,146
Conservation and Development	500	500	20	480
Capital Outlay	183,325	1,046,912	229,469	817,443
Total Expenditures	2,159,100	3,151,118	2,289,980	861,138
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	58,000	(732,456)	156,605	889,061
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	8,417	9,231	814
Transfers In	48,000	48,000	56,356	8,356
Transfers Out	(106,000)	(106,000)	(105,254)	746
Total Other Financing Sources (Uses)	(58,000)	(49,583)	(39,667)	9,916
NET CHANGE IN FUND BALANCE	-	(782,039)	116,938	898,977
Fund Balance, January 1	1,689,516	1,689,516	1,689,516	-
FUND BALANCE, DECEMBER 31	\$ 1,689,516	\$ 907,477	\$ 1,806,454	\$ 898,977

See Notes to Required Supplementary Information

CITY OF CHETEK, WISCONSIN
 SCHEDULE OF FUNDING PROGRESS
 YEAR ENDED DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ -	\$ 194,785	\$ 194,785	0%	\$ 766,100	25.4%
1/1/2009	-	282,770	282,770	0%	1,019,231	27.7%

**CITY OF CHETEK, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2014**

BUDGETARY INFORMATION

GASB 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue fund. Budgetary information is derived from the City's annual operating budget. The City did not formally adopt a budget for the CDBG revolving loan special revenue fund.

The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The City's legal budget is adopted at the major function level in the general fund (i.e., general government) and at the fund level in all other funds.

Budget amounts in the financial statements include both the original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

**CITY OF CHETEK, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014**

	Special Revenue Fund	Capital Projects Fund		Tax Incremental District #3 Projects Fund	Total Nonmajor Funds
	Stormwater Fund				
ASSETS					
Cash and Investments	\$ 50,721	\$ -			\$ 50,721
Accounts Receivable	4,949	-			4,949
	\$ 55,670	\$ -			\$ 55,670
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers and Accounts Payable	\$ 1,792	\$ -			\$ 1,792
Due to General Fund	-	61,496			61,496
	1,792	61,496			63,288
Fund Balances:					
Committed	53,878	-			53,878
Unassigned	-	(61,496)			(61,496)
	53,878	(61,496)			(7,618)
Total Liabilities and Fund Balances	\$ 55,670	\$ -			\$ 55,670

**CITY OF CHETEK, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014**

	Special Revenue Fund	Capital Projects Fund	
	Stormwater Fund	Tax Incremental District #3 Projects Fund	Total Nonmajor Funds
REVENUES			
Public Charges for Services:			
Stormwater Fees	\$ 60,802	\$ -	\$ 60,802
Miscellaneous:			
Rent	-	605	605
Total Revenues	60,802	605	61,407
EXPENDITURES			
Transportation	21,904	-	21,904
Conservation and Development	-	250	250
Total Expenditures	21,904	250	22,154
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	38,898	355	39,253
OTHER FINANCING SOURCES (USES)			
Transfer to Debt Service Fund	(20,117)	-	(20,117)
NET CHANGE IN FUND BALANCES	18,781	355	19,136
Fund Balance (Deficit), January 1	35,097	(61,851)	(26,754)
FUND BALANCE (DEFICIT), DECEMBER 31	\$ 53,878	\$ (61,496)	\$ (7,618)

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED BALANCE SHEET
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
ASSETS		
Treasurer's Cash and Investments	\$ 1,926,647	\$ 1,854,758
Taxes Receivable:		
Current Tax Roll Items	982,414	891,016
Delinquent Personal Property Taxes	319	1,214
Delinquent Taxes Held by County	3,807	5,485
Accounts Receivable	43,015	38,878
Interest Receivable	804	839
Due from Other Governments	-	82,025
Due from Other Funds:		
TID #2 Fund	41,653	-
TID #3 Fund	61,496	61,851
Knapp Haven Enterprise Fund	2,599	1,965
Long-Term Advance to Pelican Place Enterprise Fund	19,379	23,013
Prepayments	15,451	-
	<u>\$ 3,097,584</u>	<u>\$ 2,961,044</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Vouchers and Accounts Payable	\$ 23,698	\$ 38,028
Unearned Revenues	28,850	-
Total Liabilities	<u>52,548</u>	<u>38,028</u>
Deferred Inflows of Resources:		
Subsequent Year's Property Taxes	1,238,582	1,233,500
Fund Balance:		
Nonspendable	38,956	29,712
Restricted	15,076	15,023
Assigned	817,443	699,778
Unassigned	934,979	945,003
Total Fund Balance	<u>1,806,454</u>	<u>1,689,516</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,097,584</u>	<u>\$ 2,961,044</u>

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance Positive (Negative)	2013 Actual
	Final Budget	Actual		
REVENUES:				
Taxes:				
General Property Taxes	\$ 1,233,500	\$ 1,233,500	\$ -	\$ 1,228,238
Mobile Home Tax	6,500	6,065	(435)	6,825
Payments in Lieu of Taxes	12,000	16,363	4,363	14,169
Interest on Taxes	100	829	729	2,558
Total Taxes	<u>1,252,100</u>	<u>1,256,757</u>	<u>4,657</u>	<u>1,251,790</u>
Intergovernmental:				
State Shared Revenues	380,000	380,003	3	383,702
Fire Insurance Taxes	4,500	5,247	747	4,580
State Exempt Computer Aid	-	2,279	2,279	2,885
State Aid Police Training	1,100	1,120	20	1,120
State Transportation Aids	150,288	134,604	(15,684)	149,052
State Aid for Local Road Improvement	-	15,688	15,688	-
State Aid for State Owned Property	-	42	42	42
State Aid for Ambulance Service	-	4,627	4,627	5,074
Safe Routes to Schools Grant	77,802	48,952	(28,850)	102,025
County Library Aid	45,765	45,765	-	41,911
Total Intergovernmental	<u>659,455</u>	<u>638,327</u>	<u>(21,128)</u>	<u>690,391</u>
Licenses and Permits:				
Liquor and Malt Beverage	4,100	4,448	348	4,190
Operators' Licenses	3,000	3,502	502	3,664
Cigarette Licenses	300	340	40	300
Television Franchise	32,000	42,418	10,418	40,090
Direct Seller License	500	680	180	775
Dog Licenses	1,000	1,185	185	1,230
Building Permits	5,000	11,784	6,784	6,004
Other Permits Games/Dance	500	285	(215)	550
Zoning Permits	500	2,770	2,270	1,549
Total Licenses and Permits	<u>46,900</u>	<u>67,412</u>	<u>20,512</u>	<u>58,352</u>
Fines and Forfeits:				
Court Penalties and Costs	25,000	31,886	6,886	28,056
Parking Violations	400	510	110	735
Total Fines and Forfeits	<u>25,400</u>	<u>32,396</u>	<u>6,996</u>	<u>28,791</u>

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance Positive (Negative)	2013 Actual
	Final Budget	Actual		
REVENUES: (CONTINUED)				
Public Charges for Services:				
Clerk/Treasurer's Fees	\$ 3,000	\$ 1,250	\$ (1,750)	\$ 325
License Publication Fees	-	-	-	10
Police Paper Service Fees	200	350	150	300
Accident Reports	1,000	1,376	376	1,252
Canine Unit Revenues	5,390	6,094	704	5,531
Snow Removal/Street Services	39,100	44,265	5,165	20,847
Airport - Fuel Sales	42,934	52,965	10,031	45,394
Garbage Collections	315,658	307,304	(8,354)	279,073
Garbage Miscellaneous Revenues	1,000	1,539	539	2,758
Library	1,200	1,433	233	1,448
Parks	1,000	975	(25)	1,075
Cemetery	1,200	1,890	690	2,025
Total Public Charges for Services	411,682	419,441	7,759	360,038
Intergovernmental Charges for Services:				
Knapp Haven Clerical Service	3,600	4,121	521	4,204
Miscellaneous:				
Interest:				
Temporary Investments	10,000	5,931	(4,069)	7,837
Garbage Accounts	500	1,089	589	1,113
Pelican Place Advance	-	1	1	27
Rent:				
City Buildings	-	4,001	4,001	2,000
Community Senior Center	2,400	2,555	155	2,293
Airport	4,500	5,494	994	4,505
Other:				
Donations	1,125	2,421	1,296	20,825
Miscellaneous	1,000	6,639	5,639	6,535
Total Miscellaneous	19,525	28,131	8,606	45,135
Total Revenues	2,418,662	2,446,585	27,923	2,438,701

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance Positive (Negative)	2013 Actual
	Final Budget	Actual		
EXPENDITURES:				
General Government:				
Council	\$ 21,345	\$ 21,588	\$ (243)	\$ 21,899
Municipal Court	34,851	33,947	904	32,473
Municipal Court Attorney	4,000	4,730	(730)	3,726
Mayor	9,120	9,081	39	8,514
Elections	5,600	5,707	(107)	3,864
Assessment of Property	10,500	5,380	5,120	-
Clerks Office	179,700	177,688	2,012	172,666
Record Checks	1,000	749	251	938
Independent Auditing	18,000	17,250	750	17,825
Legal Fees	55,000	46,403	8,597	45,232
Illegal Taxes	-	-	-	2,474
City Hall	-	-	-	2,000
Property and Liability Insurance	33,000	32,105	895	32,355
Workers' Compensation Insurance	32,000	30,241	1,759	31,167
Unemployment Compensation	2,500	-	2,500	999
Total General Government	406,616	384,869	21,747	376,132
Public Safety:				
Law Enforcement:				
Wages and Fringe Benefits	485,104	481,356	3,748	468,501
Training	3,600	2,326	1,274	2,087
Operation Costs	39,266	33,616	5,650	37,710
Police Station	7,000	7,719	(719)	6,080
Fire Department	53,410	53,408	2	53,453
Suppression (Hydrant Rental)	38,250	38,250	-	38,250
Ambulance Service Charge	29,600	34,202	(4,602)	34,649
Tornado Warning System	1,000	283	717	257
Inspector	36,400	37,227	(827)	26,218
Total Public Safety	693,630	688,387	5,243	667,205
Transportation:				
Department of Public Works	292,981	282,506	10,475	261,842
Snow and Ice Control	59,100	62,568	(3,468)	69,936
Traffic Control	49,152	46,539	2,613	104,407
Street Lighting	50,000	57,589	(7,589)	51,267
Safety Program	3,500	3,613	(113)	3,328
Airport	12,600	14,288	(1,688)	13,359
Airport Fuel Purchases	41,950	41,948	2	50,098
Total Transportation	509,283	509,051	232	554,237

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance Positive (Negative)	2013 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
Sanitation:				
Garbage Collection	\$ 196,858	\$ 189,910	\$ 6,948	\$ 190,822
Incinerator	127,000	127,101	(101)	114,292
Total Sanitation	<u>323,858</u>	<u>317,011</u>	<u>6,847</u>	<u>305,114</u>
Health and Human Services:				
Animal Pound	1,045	1,045	-	514
Cemetery	3,000	3,000	-	2,500
Total Health and Human Services	<u>4,045</u>	<u>4,045</u>	<u>-</u>	<u>3,014</u>
Culture, Recreation and Education:				
Library	106,050	104,084	1,966	95,233
Museum	-	-	-	17
Community Center	42,950	38,262	4,688	39,383
Recreation Programs and Events	2,000	1,130	870	5,098
Celebrations and Entertainment	4,500	3,344	1,156	3,500
Parks	10,774	10,308	466	15,119
Total Culture, Recreation and Education	<u>166,274</u>	<u>157,128</u>	<u>9,146</u>	<u>158,350</u>
Conservation and Development:				
Other Conservation and Development	500	20	480	92
Capital Outlay:				
Data Processing Costs	6,245	-	6,245	518
Law Enforcement:				
Squad Car	2,247	-	2,247	26,847
Equipment	6,666	1,500	5,166	191
Radio Equipment	3,234	-	3,234	-
Vest Matching Funds	9,743	7,806	1,937	-
Canine Unit	6,096	1,032	5,064	1,853
Court Special Purchases	1,650	-	1,650	-
Machinery and Equipment	69,663	-	69,663	108,155
Snow and Ice Control	9,535	-	9,535	-
Garbage Truck	21,930	-	21,930	138,191
City Shop	4,453	730	3,723	-
Streets	167,298	151,965	15,333	169,261

**CITY OF CHETEK, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	2014		Variance Positive (Negative)	2013 Actual
	Final Budget	Actual		
EXPENDITURES: (CONTINUED)				
Capital Outlay: (Continued)				
Airport	\$ 3,384	\$ 3,384	\$ -	\$ 10,330
Airport Courtesy Van	1,068	-	1,068	125
Cemetery	30,000	-	30,000	-
Library	425	425	-	-
Library Act 150 Fund	104,079	40,532	63,547	32,474
Parks	108,241	11,111	97,130	8,341
Docks and Boat Landing	42,289	3,600	38,689	23
Assessment of Property	20,455	1,723	18,732	6,896
Fixed Asset Reserve Fund	36,422	-	36,422	-
Building Fund	239,515	254	239,261	1,393
Retirement Expense	136,449	-	136,449	-
Economic Development	15,825	5,407	10,418	3,500
Total Capital Outlay	<u>1,046,912</u>	<u>229,469</u>	<u>817,443</u>	<u>508,098</u>
Total Expenditures	<u>3,151,118</u>	<u>2,289,980</u>	<u>861,138</u>	<u>2,572,242</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(732,456)	156,605	889,061	(133,541)
OTHER FINANCING SOURCES (USES):				
Sale of Property	8,417	9,231	814	15,919
Transfers In:				
From Water Utility Fund	48,000	56,356	8,356	56,783
Transfers Out:				
To Debt Service Fund	(106,000)	(105,254)	746	(102,959)
Total Other Financing Sources (Uses)	<u>(49,583)</u>	<u>(39,667)</u>	<u>9,916</u>	<u>(30,257)</u>
NET CHANGE IN FUND BALANCE	(782,039)	116,938	898,977	(163,798)
Fund Balance, January 1	<u>1,689,516</u>	<u>1,689,516</u>	<u>-</u>	<u>1,853,314</u>
FUND BALANCE, DECEMBER 31	<u>\$ 907,477</u>	<u>\$ 1,806,454</u>	<u>\$ 898,977</u>	<u>\$ 1,689,516</u>

**CITY OF CHETEK, WISCONSIN
DEBT SERVICE FUND
DETAILED BALANCE SHEET
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2013)**

	State Trust Fund Loan	State Trust Fund Loan	Promissory Bank Note	Refunding Bonds	Promissory Bank Note	Totals	
	<u>Dated 12/22/05</u>	<u>Dated 10/27/06</u>	<u>Dated 1/18/08</u>	<u>Dated 9/2/11</u>	<u>Dated 10/20/14</u>	<u>2014</u>	<u>2013</u>
ASSETS							
Cash and Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,197</u>	<u>\$ -</u>	<u>\$ 21,197</u>	<u>\$ 21,114</u>
LIABILITIES AND FUND BALANCES							
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:							
Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,197</u>	<u>-</u>	<u>21,197</u>	<u>21,114</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,197</u>	<u>\$ -</u>	<u>\$ 21,197</u>	<u>\$ 21,114</u>

**CITY OF CHETEK, WISCONSIN
DEBT SERVICE FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	State	State	Promissory	Refunding	Promissory	Totals	
	Trust Fund	Trust Fund				Bank Note	Bonds
	Loan	Loan	Bank Note	Bonds	Bank Note		
	Dated 12/22/05	Dated 10/27/06	Dated 1/18/08	Dated 9/2/11	Dated 10/20/14		
REVENUES							
Interest on Investments	\$ -	\$ -	\$ -	\$ 195	\$ -	\$ 195	\$ 263
EXPENDITURES							
Principal Retirement	31,333	26,294	54,429	190,520	6,629	309,205	316,223
Interest and Fees	2,720	3,497	2,610	36,275	-	45,102	55,516
Total Expenditures	<u>34,053</u>	<u>29,791</u>	<u>57,039</u>	<u>226,795</u>	<u>6,629</u>	<u>354,307</u>	<u>371,739</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,053)	(29,791)	(57,039)	(226,600)	(6,629)	(354,112)	(371,476)
OTHER FINANCING SOURCES (USES)							
Transfers In:							
From General Fund	-	-	-	105,254	-	105,254	102,959
From Stormwater Fund	-	-	-	20,117	-	20,117	19,675
From TID #2 Capital Projects Fund	34,053	29,791	57,039	101,312	6,629	228,824	248,998
Total Other Financing Sources (Uses)	<u>34,053</u>	<u>29,791</u>	<u>57,039</u>	<u>226,683</u>	<u>6,629</u>	<u>354,195</u>	<u>371,632</u>
NET CHANGE IN FUND BALANCES	-	-	-	83	-	83	156
Fund Balances, January 1	-	-	-	21,114	-	21,114	20,958
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,197</u>	<u>\$ -</u>	<u>\$ 21,197</u>	<u>\$ 21,114</u>

**CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
ASSETS		
Current Assets:		
Cash and Investments	\$ 1,181,280	\$ 730,830
Customer Accounts Receivable	30,746	29,010
Accrued Interest Receivable	636	226
Current Portion of Long-Term Advance to Tax Incremental District	-	11,840
Inventories	24,396	22,169
Prepayments	1,331	1,364
Total Current Assets	1,238,389	795,439
Restricted Assets:		
Cash and Investments:		
Replacement Fund	-	251,840
Special Redemption Fund:		
Debt Reserve	-	105,130
Debt Service	-	8,108
Accrued Interest Receivable:		
Bond Reserve Funds	-	706
Total Restricted Assets	-	365,784
Capital Assets:		
Property and Plant in Service	2,802,004	2,789,963
Less Accumulated Depreciation	1,091,827	1,025,275
Net Property and Plant in Service	1,710,177	1,764,688
Land Held for Future Use	1,837	1,837
Total Capital Assets	1,712,014	1,766,525
Other Assets:		
Special Assessments Receivable	11,393	14,060
Long-Term Advances to Tax Incremental District:		
From Revenue Bond Proceeds (Less Current Portion)	-	40,257
Total Other Assets	11,393	54,317
Total Assets	\$ 2,961,796	\$ 2,982,065

CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)

	2014	2013
LIABILITIES		
Current Liabilities Payable from Current Assets:		
Accounts Payable	\$ 2,027	\$ 629
Accrued Interest Payable	2,716	-
Accrued Employee Leave Liabilities - Current Portion	5,165	4,179
Current Portion of General Obligation Debt	95,319	-
Total Current Liabilities Payable from Current Assets	105,227	4,808
Current Liabilities Payable from Restricted Assets:		
Interest Accrued	-	2,274
Current Portion of Revenue Bonds	-	70,000
Total Current Liabilities Payable from Restricted Assets	-	72,274
Long-Term Liabilities (Less Current Portion):		
Other Postemployment Benefits Payable	5,122	4,164
General Obligation Debt	339,213	-
Mortgage Revenue Bonds	-	480,000
Total Long-Term Liabilities (Net of Current Portion)	344,335	484,164
Total Liabilities	449,562	561,246
NET POSITION		
Net Investment in Capital Assets	1,277,482	1,216,525
Restricted for Capital Asset Replacement and Construction	-	251,840
Restricted for Debt Retirement	-	111,670
Unrestricted	1,234,752	840,784
Total Net Position	2,512,234	2,420,819
Total Liabilities and Net Position	\$ 2,961,796	\$ 2,982,065

CITY OF CHETEK, WISCONSIN
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER UTILITY ENTERPRISE FUND
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Sales of Water:		
Residential	\$ 133,991	\$ 140,087
Commercial	61,737	55,744
Industrial	11,526	11,398
Public Authorities	19,524	22,342
Private Fire Protection	5,616	5,616
Public Fire Protection	131,252	131,337
Total Sales of Water Revenues	<u>363,646</u>	<u>366,524</u>
Other Operating Revenues:		
Forfeited Discounts	818	924
Meter Charge to Sewer	14,820	16,118
Miscellaneous Operating Revenues	19,585	18,053
Total Other Operating Revenues	<u>35,223</u>	<u>35,095</u>
 Total Operating Revenues	 <u>398,869</u>	 <u>401,619</u>
 OPERATING EXPENSES:		
Operation and Maintenance:		
Operation	87,952	71,347
Maintenance	13,284	13,521
Administrative and General	72,733	68,070
Total Operation and Maintenance	<u>173,969</u>	<u>152,938</u>
Depreciation	67,942	67,703
 Total Operating Expenses	 <u>241,911</u>	 <u>220,641</u>
 OPERATING INCOME	 <u>156,958</u>	 <u>180,978</u>
 NONOPERATING REVENUES (EXPENSES)		
Interest Income	5,039	7,334
Interest Expense	(24,624)	(30,600)
Amortization of Debt Discount and Expense	-	(6,804)
 Total Nonoperating Revenues (Expenses)	 <u>(19,585)</u>	 <u>(30,070)</u>
 INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	 <u>137,373</u>	 <u>150,908</u>
 TRANSFERS AND CONTRIBUTIONS		
Transfer to Other Funds	(56,356)	(56,783)
Capital Assets Funded by TID	10,398	-
Total Transfers and Contributions	<u>(45,958)</u>	<u>(56,783)</u>
 CHANGE IN NET POSITION	 91,415	 94,125
Net Position, January 1	<u>2,420,819</u>	<u>2,326,694</u>
 NET POSITION, DECEMBER 31	 <u>\$ 2,512,234</u>	 <u>\$ 2,420,819</u>

**CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 344,063	\$ 349,055
Cash Received from Municipality for Fire Protection	38,250	38,250
Water Meter Related Charges to Sewer Department	14,820	16,118
Cash Payments to Suppliers for Goods and Services	(91,825)	(81,220)
Cash Payments for Employee Services	(80,996)	(68,032)
Net Cash Provided by Operating Activities	224,312	254,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received from Payment of Special Assessments		
Purchased from Sewer Utility	1,273	2,386
Cash Payment for Tax Equivalents	(56,356)	(56,783)
Net Cash Used by Noncapital Financing Activities	(55,083)	(54,397)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Paid for Capital Assets	(6,268)	(4,239)
Cash Received from Salvage of Capital Assets	3,235	232
Cash Received from Payment of Special Assessments	1,755	2,777
Cash Received from Repayment of Advance to Tax Incremental District	54,483	13,924
Cash Received from Long-Term Debt	497,903	-
Principal Paid on Long-Term Debt	(613,371)	(65,000)
Interest Paid on Long-Term Debt	(24,182)	(30,862)
Net Cash Used by Capital and Related Financing Activities	(86,445)	(83,168)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Paid for Purchase of Investments	(2,588)	(4,110)
Cash Received from Interest on Investments	2,588	4,113
Net Cash Provided (Used) by Investing Activities	-	3
NET CHANGE IN CASH AND CASH EQUIVALENTS	82,784	116,609
CASH AND CASH EQUIVALENTS, BEGINNING	730,830	614,221
CASH AND CASH EQUIVALENTS, ENDING	\$ 813,614	\$ 730,830

**CITY OF CHETEK, WISCONSIN
WATER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 156,958	\$ 180,978
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	67,942	67,703
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(1,736)	1,804
Inventories	(2,227)	1,122
Prepayments	33	390
Increase (Decrease) in Liabilities:		
Accounts Payable	1,398	9
Accrued Employee Benefits Payable	986	1,075
Other Postemployment Benefits Payable	958	1,090
Net Cash Provided by Operating Activities	<u>\$ 224,312</u>	<u>\$ 254,171</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:		
Cash and Investments per Statements of Net Position:		
Cash and Investments	\$ 1,181,280	\$ 730,830
Cash and Investments - Restricted	-	365,078
	<u>1,181,280</u>	<u>1,095,908</u>
Less: Investments with a Maturity Greater than Three Months	<u>367,666</u>	<u>365,078</u>
Cash and Cash Equivalents	<u>\$ 813,614</u>	<u>\$ 730,830</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital Assets Financed by Tax Incremental District	\$ 10,398	\$ -

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
ASSETS		
Current Assets:		
Cash and Investments	\$ 190,296	\$ 151,803
Customer Accounts Receivable	45,629	44,185
Accrued Interest Receivable - TID Advance	28	42
Current Portion of Long-Term Advance to Tax Incremental District	1,617	1,617
Inventories	1,935	2,525
Prepaid Expenses	2,958	3,118
Total Current Assets	242,463	203,290
Restricted Assets:		
Cash and Investments:		
Replacement Fund	193,959	191,426
Special Redemption Fund:		
Debt Reserve Fund	55,595	56,645
Debt Service Fund	34,446	34,228
Accrued Interest Receivable:		
Bond Reserve Fund	399	434
Total Restricted Assets	284,399	282,733
Capital Assets:		
Property and Plant in Service	3,803,619	3,735,150
Less Accumulated Depreciation	1,950,913	1,867,041
Net Property and Plant in Service	1,852,706	1,868,109
Land Held for Future Use	50,820	50,820
Net Capital Assets	1,903,526	1,918,929
Other Assets:		
Advances to Other Funds:		
Long-Term Advance to Tax Incremental District #2 from Revenue Bond Proceeds (Less Current Portion)	1,617	3,234
Total Assets	\$ 2,432,005	\$ 2,408,186

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR DECEMBER 31, 2013)**

	2014	2013
LIABILITIES		
Current Liabilities Payable from Current Assets:		
Accounts Payable	\$ 7,176	\$ 1,037
Accrued Interest Payable	996	1,176
Accrued Employee Leave Liabilities - Current Portion	9,598	13,758
Current Portion of General Obligation Debt	30,150	29,480
Current Portion of Unamortized Debt Premium	1,259	1,464
Current Portion of Revenue Bonds - Clean Water Fund	30,053	29,271
Total Current Liabilities Payable from Current Assets	79,232	76,186
 Current Liabilities Payable from Restricted Assets:		
Interest Accrued Payable	520	693
Current Portion of Revenue Bonds - 1998 Issue	20,000	20,000
Total Current Liabilities Payable from Restricted Assets	20,520	20,693
 Long-Term Liabilities (Net of Current Portion):		
Other Postemployment Benefits Payable	9,808	8,190
General Obligation Debt	145,390	175,540
Unamortized Debt Premium	2,848	4,107
Mortgage Revenue Bonds - 1998 Issue	40,000	60,000
Mortgage Revenue Bonds Series - Clean Water Fund	95,064	125,117
Total Long-Term Liabilities (Net of Current Portion)	293,110	372,954
 Total Liabilities	392,862	469,833
 NET POSITION		
Net Investment in Capital Assets	1,538,762	1,475,414
Restricted for Capital Asset Replacement	193,959	191,426
Restricted for Debt Retirement	89,920	90,614
Unrestricted	216,502	180,899
Total Net Position	2,039,143	1,938,353
 Total Liabilities and Net Position	\$ 2,432,005	\$ 2,408,186

CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)

	2014	2013
OPERATING REVENUES:		
Sewerage Revenues:		
Residential	\$ 277,593	\$ 282,517
Commercial	109,376	111,952
Industrial	30,194	29,040
Public Authorities	48,632	56,187
Total Sewerage Revenues	465,795	479,696
Other Operating Revenues:		
Forfeited Discounts	1,725	1,995
Miscellaneous Revenues	749	180
Total Other Operating Revenues	2,474	2,175
Total Operating Revenues	468,269	481,871
OPERATING EXPENSES:		
Operation and Maintenance:		
Operation	170,453	166,267
Maintenance	35,983	38,239
Administrative and General	114,628	104,722
Total Operation and Maintenance	321,064	309,228
Depreciation	105,122	104,657
Total Operating Expenses	426,186	413,885
OPERATING INCOME	42,083	67,986
NONOPERATING REVENUES (EXPENSES):		
Interest Income	1,862	2,685
Rental Income	6,026	5,637
Amortization of Debt Premium	1,464	1,618
Interest Expense	(12,695)	(15,082)
Rental Property Expense	(781)	(1,101)
Amortization of Debt Discount and Expense	-	(4,460)
Total Nonoperating Revenues (Expenses)	(4,124)	(10,703)
INCOME BEFORE CONTRIBUTIONS	37,959	57,283
CAPITAL CONTRIBUTIONS:		
Capital Assets Funded by TID	62,407	-
Capital Asset Contributions from Customers and Developers	424	-
Total Capital Contributions	62,831	-
CHANGE IN NET POSITION	100,790	57,283
Net Position, January 1	1,938,353	1,881,070
NET POSITION, DECEMBER 31	\$ 2,039,143	\$ 1,938,353

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 466,825	\$ 482,045
Water Meter Related Charges to Sewer Department	(14,820)	(16,118)
Cash Payments to Suppliers for Goods and Services	(149,966)	(156,068)
Cash Payments for Employee Services	(151,931)	(138,380)
Net Cash Provided by Operating Activities	<u>150,108</u>	<u>171,479</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash Received for Rents from Rental Properties	6,026	5,637
Cash Paid for Rental Property Expense	(781)	(1,101)
Net Cash Used by Noncapital Financing Activities	<u>5,245</u>	<u>4,536</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Paid for Capital Assets	(27,312)	(73,719)
Cash Received for Customer Contributions	424	-
Cash Received for Repayment of Advances to Tax Incremental Districts	1,827	1,911
Principal Paid on Long-Term Debt	(78,751)	(76,650)
Interest Paid on Long-Term Debt	(13,048)	(15,429)
Net Cash Used by Capital and Related Financing Activities	<u>(116,860)</u>	<u>(163,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Paid for Purchase of Investments	(1,701)	(2,759)
Cash Received from Interest on Investments	1,701	2,797
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>38</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	38,493	12,166
CASH AND CASH EQUIVALENTS, BEGINNING	<u>151,803</u>	<u>139,637</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 190,296</u>	<u>\$ 151,803</u>

**CITY OF CHETEK, WISCONSIN
SEWER UTILITY ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013)**

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 42,083	\$ 67,986
Adjustments to Reconcile Operating Income to Net		
Cash Provided by Operating Activities:		
Depreciation Expense	105,122	104,657
(Increase) Decrease in Assets:		
Customer Accounts Receivable	(1,444)	174
Inventories	590	(117)
Prepayments	160	(133)
Increase (Decrease) in Liabilities:		
Accounts Payable	6,139	(5,471)
Accrued Employee Benefits Payable	(4,160)	2,271
Other Postemployment Benefits Payable	1,618	2,112
Net Cash Provided by Operating Activities	<u>\$ 150,108</u>	<u>\$ 171,479</u>
 RECONCILIATION OF CASH AND INVESTMENTS TO		
CASH AND CASH EQUIVALENTS:		
Cash and Investments per Statements of Net Position:		
Cash and Investments	\$ 190,296	\$ 151,803
Cash and Investments - Restricted	284,000	282,299
	<u>474,296</u>	<u>434,102</u>
Less: Investments with a Maturity Greater than Three Months	<u>284,000</u>	<u>282,299</u>
Cash and Cash Equivalents	<u>\$ 190,296</u>	<u>\$ 151,803</u>
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Capital Assets Financed by Tax Incremental District	\$ 62,407	\$ -

DEBT REPAYMENT SCHEDULES

CITY OF CHETEK, WISCONSIN
STATE TRUST FUND LOAN DATED DECEMBER 22, 2005
OUTSTANDING DECEMBER 31, 2014

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
3/15/15	<u>\$ 34,053</u>	<u>\$ 32,664</u>	<u>\$ 1,389</u>

Funding Source: Tax Incremental District #2

Interest Rate: 4.25%

**CITY OF CHETEK, WISCONSIN
STATE TRUST FUND LOAN DATED OCTOBER 27, 2006
OUTSTANDING DECEMBER 31, 2014**

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
3/15/15	\$ 29,791	\$ 27,412	\$ 2,379
3/15/16	<u>29,791</u>	<u>28,573</u>	<u>1,218</u>
	<u>\$ 59,582</u>	<u>\$ 55,985</u>	<u>\$ 3,597</u>

Funding Source: Tax Incremental District #2

Interest Rate: 4.25%

**CITY OF CHETEK, WISCONSIN
GENERAL OBLIGATION REFUNDING BONDS DATED SEPTEMBER 2, 2011
OUTSTANDING DECEMBER 31, 2014**

Date	Rate	Total			General City			Tax Incremental District #2			Stormwater Fund			Sewer Utility		
		Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
6/1/15	3.00%	\$ 244,650	\$ 225,000	\$ 19,650	\$ 98,472	\$ 90,563	\$ 7,909	\$ 94,680	\$ 87,075	\$ 7,605	\$ 18,715	\$ 17,212	\$ 1,503	\$ 32,783	\$ 30,150	\$ 2,633
12/1/15		16,275	-	16,275	6,551	-	6,551	6,298	-	6,298	1,245	-	1,245	2,181	-	2,181
6/1/16	3.00%	246,275	230,000	16,275	99,126	92,575	6,551	95,308	89,010	6,298	18,840	17,595	1,245	33,001	30,820	2,181
12/1/16		12,825	-	12,825	5,162	-	5,162	4,963	-	4,963	981	-	981	1,719	-	1,719
6/1/17	3.00%	252,825	240,000	12,825	101,762	96,600	5,162	97,843	92,880	4,963	19,341	18,360	981	33,879	32,160	1,719
12/1/17		9,225	-	9,225	3,713	-	3,713	3,570	-	3,570	706	-	706	1,236	-	1,236
6/1/18	3.00%	254,225	245,000	9,225	102,325	98,612	3,713	98,385	94,815	3,570	19,449	18,743	706	34,066	32,830	1,236
12/1/18		5,550	-	5,550	2,234	-	2,234	2,148	-	2,148	424	-	424	744	-	744
6/1/19	3.00%	125,550	120,000	5,550	50,534	48,300	2,234	48,588	46,440	2,148	9,604	9,180	424	16,824	16,080	744
12/1/19		3,750	-	3,750	1,509	-	1,509	1,451	-	1,451	288	-	288	502	-	502
6/1/20	3.00%	128,750	125,000	3,750	51,822	50,313	1,509	49,826	48,375	1,451	9,850	9,562	288	17,252	16,750	502
12/1/20		1,875	-	1,875	755	-	755	726	-	726	143	-	143	251	-	251
6/1/21	3.00%	126,875	125,000	1,875	51,067	50,312	755	49,101	48,375	726	9,706	9,563	143	17,001	16,750	251
		<u>\$ 1,428,650</u>	<u>\$ 1,310,000</u>	<u>\$ 118,650</u>	<u>\$ 575,032</u>	<u>\$ 527,275</u>	<u>\$ 47,757</u>	<u>\$ 552,887</u>	<u>\$ 506,970</u>	<u>\$ 45,917</u>	<u>\$ 109,292</u>	<u>\$ 100,215</u>	<u>\$ 9,077</u>	<u>\$ 191,439</u>	<u>\$ 175,540</u>	<u>\$ 15,899</u>

**CITY OF CHETEK, WISCONSIN
 PROMISSORY NOTE DATED OCTOBER 20, 2014
 OUTSTANDING DECEMBER 31, 2014**

Date	Total			Water Utility			Tax Incremental District #2		
	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
10/20/15	\$ 120,095	\$ 105,292	\$ 14,803	\$ 108,720	\$ 95,319	\$ 13,401	\$ 11,375	\$ 9,973	\$ 1,402
10/20/16	120,095	108,854	11,241	108,719	98,543	10,176	11,376	10,311	1,065
10/20/17	120,095	112,119	7,976	108,719	101,499	7,220	11,376	10,620	756
10/20/18	120,095	115,483	4,612	108,719	104,544	4,175	11,376	10,939	437
10/20/19	39,400	38,252	1,148	35,666	34,627	1,039	3,734	3,625	109
	<u>\$ 519,780</u>	<u>\$ 480,000</u>	<u>\$ 39,780</u>	<u>\$ 470,543</u>	<u>\$ 434,532</u>	<u>\$ 36,011</u>	<u>\$ 49,237</u>	<u>\$ 45,468</u>	<u>\$ 3,769</u>

Interest Rate: 3.0%

**CITY OF CHETEK, WISCONSIN
 PROMISSORY NOTE DATED NOVEMBER 4, 2009
 OUTSTANDING DECEMBER 31, 2014**

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
9/1/14	\$ 49,913	\$ 40,000	\$ 9,913
3/1/15	8,859	-	8,859
9/1/15	50,006	41,000	9,006
3/1/16	7,988	-	7,988
9/1/16	51,076	43,000	8,076
3/1/17	6,985	-	6,985
9/1/17	52,100	45,000	7,100
3/1/18	5,980	-	5,980
9/1/18	53,080	47,000	6,080
3/1/19	4,932	-	4,932
9/1/19	<u>50,194</u>	<u>45,181</u>	<u>5,013</u>
	<u>\$ 341,113</u>	<u>\$ 261,181</u>	<u>\$ 79,932</u>

\$584,000 authorized, \$409,000 issued

Funding Source: Knapp Haven Nursing Home (90.18%); Pelican Place Apartments (9.82%)
 (Facility Improvements)

Interest Rate: 4.50%

**CITY OF CHETEK, WISCONSIN
SEWER SYSTEM REVENUE BONDS DATED MAY 1, 1998
OUTSTANDING DECEMBER 31, 2014**

Payment Date	Rate	Total			Sewer Utility			Tax Incremental District #2		
		Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest
5/1/15	5.20%	\$ 21,560	\$ 20,000	\$ 1,560	\$ 19,859	\$ 18,383	\$ 1,476	\$ 1,701	\$ 1,617	\$ 84
11/1/15		1,040	-	1,040	998	-	998	42	-	42
5/1/16	5.20%	21,040	20,000	1,040	19,381	18,383	998	1,659	1,617	42
11/1/16		520	-	520	520	-	520	-	-	-
5/1/17	5.20%	20,520	20,000	520	20,520	20,000	520	-	-	-
		<u>\$ 64,680</u>	<u>\$ 60,000</u>	<u>\$ 4,680</u>	<u>\$ 61,278</u>	<u>\$ 56,766</u>	<u>\$ 4,512</u>	<u>\$ 3,402</u>	<u>\$ 3,234</u>	<u>\$ 168</u>

Bonds maturing in the years 2010 and thereafter are subject to redemption prior to maturity at the option of the City on May 1, 2006 or on any day thereafter at the price of par plus accrued interest to the date of redemption.

**CITY OF CHETEK, WISCONSIN
SEWAGE SYSTEM REVENUE BONDS – CLEAN WATER FUND
DATED JULY 8, 1998
OUTSTANDING DECEMBER 31, 2014**

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
5/1/15	\$ 31,725	\$ 30,053	\$ 1,672
11/1/15	1,270	-	1,270
5/1/16	32,126	30,856	1,270
11/1/16	858	-	858
5/1/17	32,539	31,681	858
11/1/17	435	-	435
5/1/18	<u>32,962</u>	<u>32,527</u>	<u>435</u>
	<u>\$ 131,915</u>	<u>\$ 125,117</u>	<u>\$ 6,798</u>

Interest Rate: 2.672%

**CITY OF CHETEK, WISCONSIN
NURSING HOME AND APARTMENTS MORTGAGE REVENUE BONDS
DATED MAY 8, 1997
OUTSTANDING DECEMBER 31, 2014**

<u>Payment Date</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
11/1/14	\$ 33,410	\$ 17,500	\$ 15,910
5/1/15	33,472	18,000	15,472
11/1/15	33,423	18,400	15,023
5/1/16	33,462	18,900	14,562
11/1/16	33,490	19,400	14,090
5/1/17	33,505	19,900	13,605
11/1/17	33,507	20,400	13,107
5/1/18	33,498	20,900	12,598
11/1/18	33,575	21,500	12,075
5/1/19	33,538	22,000	11,538
11/1/19	33,587	22,600	10,987
5/1/20	33,522	23,100	10,422
11/1/20	33,545	23,700	9,845
5/1/21	33,552	24,300	9,252
11/1/21	33,645	25,000	8,645
5/1/22	33,620	25,600	8,020
11/1/22	33,680	26,300	7,380
5/1/23	33,622	26,900	6,722
11/1/23	33,650	27,600	6,050
5/1/24	33,660	28,300	5,360
11/1/24	33,752	29,100	4,652
5/1/25	33,725	29,800	3,925
11/1/25	33,780	30,600	3,180
5/1/26	33,815	31,400	2,415
11/1/26	33,830	32,200	1,630
5/1/27	33,825	33,000	825
	<u>\$ 873,690</u>	<u>\$ 636,400</u>	<u>\$ 237,290</u>

Interest Rate: 5.00%

**CITY OF CHETEK, WISCONSIN
NURSING HOME MORTGAGE REVENUE BONDS
DATED NOVEMBER 18, 2010
OUTSTANDING DECEMBER 31, 2014**

Interest Rate: 3.75%

Payment Date	Total	Principal	Interest
11/18/14	\$ 49,559	\$ 12,484	\$ 37,075
5/18/15	49,559	13,320	36,239
11/18/15	49,559	12,971	36,588
5/18/16	49,559	13,612	35,947
11/18/16	49,559	13,474	36,085
5/18/17	49,559	14,313	35,246
11/18/17	49,559	13,999	35,560
5/18/18	49,559	14,839	34,720
11/18/18	49,559	14,544	35,015
5/18/19	49,559	15,386	34,173
11/18/19	49,559	15,110	34,449
5/18/20	49,559	15,767	33,792
11/18/20	49,559	15,694	33,865
5/18/21	49,559	16,538	33,021
11/18/21	49,559	16,303	33,256
5/18/22	49,559	17,148	32,411
11/18/22	49,559	16,935	32,624
5/18/23	49,559	17,782	31,777
11/18/23	49,559	17,592	31,967
5/18/24	49,559	18,268	31,291
11/18/24	49,559	18,270	31,289
5/18/25	49,559	19,120	30,439
11/18/25	49,559	18,976	30,583
5/18/26	49,559	19,828	29,731
11/18/26	49,559	19,710	29,849
5/18/27	49,559	20,563	28,996
11/18/27	49,559	20,471	29,088
5/18/28	49,559	21,170	28,389
11/18/28	49,559	21,259	28,300
5/18/29	49,559	22,115	27,444
11/18/29	49,559	22,079	27,480
5/18/30	49,559	22,937	26,622
11/18/30	49,559	22,929	26,630
5/18/31	49,559	23,790	25,769
11/18/31	49,559	23,813	25,746
5/18/32	49,559	24,538	25,021
11/18/32	49,559	24,727	24,832
5/18/33	49,559	25,591	23,968

**CITY OF CHETEK, WISCONSIN
NURSING HOME MORTGAGE REVENUE BONDS
DATED NOVEMBER 18, 2010 (CONTINUED)
OUTSTANDING DECEMBER 31, 2014**

Payment Date	Total	Principal	Interest
11/18/33	\$ 49,559	\$ 25,678	\$ 23,881
5/18/34	49,559	26,545	23,014
11/18/34	49,559	26,665	22,894
5/18/35	49,559	27,534	22,025
11/18/35	49,559	27,690	21,869
5/18/36	49,559	28,445	21,114
11/18/36	49,559	28,751	20,808
5/18/37	49,559	29,625	19,934
11/18/37	49,559	29,854	19,705
5/18/38	49,559	30,731	18,828
11/18/38	49,559	31,000	18,559
5/18/39	49,559	31,879	17,680
11/18/39	49,559	32,188	17,371
5/18/40	49,559	32,979	16,580
11/18/40	49,559	33,420	16,139
5/18/41	49,559	34,305	15,254
11/18/41	49,559	34,701	14,858
5/18/42	49,559	35,588	13,971
11/18/42	49,559	36,029	13,530
5/18/43	49,559	36,920	12,639
11/18/43	49,559	37,408	12,151
5/18/44	49,559	38,240	11,319
11/18/44	49,559	38,839	10,720
5/18/45	49,559	39,736	9,823
11/18/45	49,559	40,324	9,235
5/18/46	49,559	41,224	8,335
11/18/46	49,560	41,866	7,694
5/18/47	49,559	42,769	6,790
11/18/47	49,559	43,465	6,094
5/18/48	49,559	44,344	5,215
11/18/48	49,559	45,125	4,434
5/18/49	49,559	46,037	3,522
11/18/49	49,559	46,849	2,710
5/18/50	49,559	47,764	1,795
11/18/50	49,676	48,758	918
	<u>\$ 3,617,925</u>	<u>\$ 1,961,240</u>	<u>\$ 1,656,685</u>

OTHER REPORTS



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The City Council
City of Chetek
Chetek, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chetek (City), as of and for the year ended December 31, 2014, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 27, 2015. Our report includes a reference to other auditors who audited the financial statements of the Knapp Haven Nursing Home and Pelican Place Apartments enterprise funds, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Chetek's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider items 2014-001 through 2014-003 in the accompanying schedule of findings to be material weaknesses.



Compliance and Other Matters

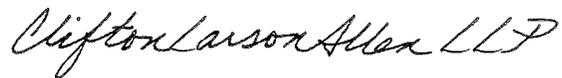
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City of Chetek's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
May 27, 2015

**CITY OF CHETEK, WISCONSIN
SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

FINDING: 2014-001 Limited Segregation of Duties

Criteria: Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

Condition: The size of office staff precludes a proper separation of duties to assure adequate internal control.

Context: The limited size of the City's staff responsible for accounting and financial duties precludes a complete segregation of incompatible duties. The City has informed us that it may not be cost effective to hire the additional personnel required to achieve complete segregation of duties.

Cause: The condition is due to limited staff available.

Effect: The potential exists that the design of the internal controls over financial reporting could affect the ability of the City to record, process, summarize and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the City's inability to prevent or detect misappropriation of City assets.

Recommendation: The City should continue to evaluate its staffing in order to segregate incompatible duties whenever possible.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City continues to work to achieve segregation of duties whenever cost effective.

Official Responsible for Ensuring CAP:

The City Clerk-Treasurer is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.

**CITY OF CHETEK, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED):

FINDING: 2014-002 Material Audit Adjustments

- Criteria:** The City should have controls in place to prevent or detect a material misstatement in the financial statements in a timely manner.
- Condition:** The audit firm proposed and the City posted to its general ledger accounts journal entries for correcting certain misstatements.
- Context:** The City has informed us that they will continue to rely upon the audit firm to propose such audit adjustments as are necessary to adjust accounts in accordance with Generally Accepted Accounting Principles (GAAP). Management will review and approve those entries prior to recording them.
- Cause:** The City has not established controls to ensure that all accounts are adjusted to their appropriate year end balances in accordance with GAAP.
- Effect:** The potential exists that financial statements of the City may include inaccurate information not detected or prevented by City staff.
- Recommendation:** The City should continue to evaluate its internal control processes to determine if additional internal control procedures should be implemented to ensure that accounts are adjusted to their appropriate year end balances in accordance with GAAP.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City will continue to rely upon the audit firm to propose audit adjustments necessary to adjust accounts in accordance with GAAP. Management will review and approve these entries prior to recording them.

Official Responsible for Ensuring CAP:

The City Clerk-Treasurer is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.

**CITY OF CHETEK, WISCONSIN
SCHEDULE OF FINDINGS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS (CONTINUED):

FINDING: 2014-003 Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)

Criteria: The City must be able to prevent or detect a material misstatement in the annual financial statements, including footnote disclosures.

Condition: The City does not have an internal control policy in place over annual financial reporting that would enable management to conclude its annual financial statements and related footnote disclosures are complete and presented in accordance with Generally Accepted Accounting Principles (GAAP).

Context: The City has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff to prevent or detect a material misstatement in the annual financial statements including footnote disclosures.

Cause: The City relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the City's internal controls.

Recommendation: The City should continue to evaluate their personnel expertise to determine if an internal control policy over the annual financial reporting is beneficial.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings

There is no disagreement with the audit finding.

Actions Planned in Response to Finding:

The City will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to the issuance of the annual financial statements.

Official Responsible for Ensuring CAP:

The City Clerk-Treasurer is the official responsible for ensuring corrective action of the deficiency.

Planned Completion Date for CAP:

The CAP is ongoing.

Plan to Monitor Completion of CAP:

The City Council will be monitoring this corrective action plan.