

TOWN OF YORKVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2014

TOWN OF YORKVILLE
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For the Year Ended December 31, 2014

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Patrick W. Romenesko, S.C.
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Town Board
Town of Yorkville
Racine County, Wisconsin

I have audited the accompanying financial statements of the governmental activities, the general fund, agency fund and the aggregate remaining fund information of the Town of Yorkville, as of and for the year ended December 31, 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information for the primary government of the Town of Yorkville as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1A, the financial statements present only the general and agency funds, and do not purport to, and do not present fairly the financial position of the Town of Yorkville as of December 31, 2014, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Yorkville's basic financial statements. The accompanying supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the of the basic financial statements.

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



PATRICK W. ROMENESKO, S.C.
CERTIFIED PUBLIC ACCOUNTANT

Lake Geneva, Wisconsin
April 16, 2015

TOWN OF YORKVILLE
BALANCE SHEET AND STATEMENT OF NET POSITION
DECEMBER 31, 2014

	General Fund	Adjustments (Note 2)	Statement of Net Position
<u>Assets</u>			
Cash and cash equivalents	\$ 477,857	\$ -	\$ 477,857
Taxes receivable	1,039,484	-	1,039,484
Special assessments	36,216	-	36,216
Other receivables	19,836	-	19,836
Capital assets, net of accumulated depreciation	-	2,803,496	2,803,496
Total assets	1,573,393	2,803,496	4,376,889
<u>Liabilities</u>			
Accounts payable	46,204	-	46,204
Accrued wages	3,475	-	3,475
Deposits	52,738	-	52,738
Total liabilities	102,417	-	102,417
<u>Deferred Inflows of Resources</u>			
Unavailable revenue - property taxes	1,055,408	-	1,055,408
Unavailable revenue - special assessments	36,216	(36,216)	-
Total deferred inflows of resources	1,091,624	(36,216)	1,055,408
<u>Fund Balances/Net Position</u>			
Fund balances:			
Nonspendable	1,791	(1,791)	-
Assigned	117,913	(117,913)	-
Unassigned	259,648	(259,648)	-
Total fund balances	379,352	(379,352)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 1,573,393		
Invested in capital assets, net of related debt		2,803,496	2,803,496
Unrestricted		415,568	415,568
Total net position		\$ 3,219,064	\$ 3,219,064

See accompanying notes to financial statements.

TOWN OF YORKVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 302,165	\$ 62,708	\$ -	\$ -	\$ (239,457)
Constable	13,541	50	-	-	(13,491)
Fire protection and rescue squad	195,629	-	19,281	-	(176,348)
Building inspection	53,839	79,107	-	-	25,268
Other public safety	428	4,557	-	-	4,129
Transportation	493,811	-	108,400	-	(385,411)
Sanitation	103,499	-	5,508	-	(97,991)
Health and human services	26,633	-	-	-	(26,633)
Culture, recreation and education	20,650	-	-	-	(20,650)
Conservation and development	20,648	-	-	-	(20,648)
Total	<u>\$ 1,230,843</u>	<u>\$ 146,422</u>	<u>\$ 133,189</u>	<u>\$ -</u>	<u>(951,232)</u>
General revenues:					
Property taxes levied for general purposes					1,012,779
Other taxes					94,733
Franchise taxes					10,291
Intergovernmental revenues not restricted to specific programs					44,862
Insurance recoveries					1,738
Investment earnings					1,103
Total general revenues and transfers					<u>1,165,506</u>
Change in net position					214,274
Net position - beginning					<u>3,004,790</u>
Net position - ending					<u>\$ 3,219,064</u>

See accompanying notes to financial statements.

TOWN OF YORKVILLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 1,097,849	\$ 1,097,849	\$ 1,107,512	\$ 9,663
Intergovernmental	172,625	172,625	178,051	5,426
Licenses and permits	78,500	78,500	107,552	29,052
Fines, forfeitures, & penalties	500	500	50	(450)
Charges for services	48,336	48,336	48,511	175
Investment income	1,250	1,250	1,103	(147)
Miscellaneous	1,000	1,000	2,338	1,338
Total revenues	<u>1,400,060</u>	<u>1,400,060</u>	<u>1,445,117</u>	<u>45,057</u>
<u>Expenditures</u>				
Current:				
General government	298,531	303,985	303,985	-
Public safety	251,094	263,437	263,437	-
Public works	783,285	1,088,174	1,088,174	-
Health and human services	25,500	26,633	26,633	-
Culture, recreation and education	20,650	20,650	20,650	-
Conservation and development	21,000	20,648	20,648	-
Total expenditures	<u>1,400,060</u>	<u>1,723,527</u>	<u>1,723,527</u>	<u>-</u>
Excess of revenues under expenditures	-	(323,467)	(278,410)	45,057
Fund balances - beginning of year	<u>657,762</u>	<u>657,762</u>	<u>657,762</u>	<u>-</u>
Fund balances - end of year	<u>\$ 657,762</u>	<u>\$ 334,295</u>	<u>\$ 379,352</u>	<u>\$ 45,057</u>

See accompanying notes to financial statements.

TOWN OF YORKVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Amounts reported for governmental activities in the statement of activities are different as a result of:

Net change in fund balances	\$ (278,410)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay that is reported as an expenditure in the governmental funds financial statements but capitalized in the statement of activities.	593,397
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Depreciation that is reported in the statement of activities.	<u>(100,713)</u>
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Change in net position of governmental activities	<u><u>\$ 214,274</u></u>
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See accompanying notes to financial statements.

TOWN OF YORKVILLE
STATEMENT OF NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Agency Fund</u>
	Tax Collection Fund
<u>Assets</u>	
Cash and cash equivalents	\$ 3,627,872
Taxes receivable	5,121,462
Total Assets	8,749,334
<u>Liabilities</u>	
Due to other governments	8,749,334
Net Position	\$ -

See accompanying notes to financial statements.

TOWN OF YORKVILLE
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For the Year Ended December 31, 2014

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TOWN OF YORKVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles of state and local governments, except for the omission of the component units of the town as disclosed in Note 1.A; and the Management's Discussion and Analysis that Statement No. 34 of the Governmental Accounting Standards Board calls for the inclusion of this information as required supplementary information.

A. Reporting Entity

The reporting entity for the town is based upon criteria set forth by GASB Statement No. 61, "The Financial Reporting Entity: Omnibus" The reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is a separately elected governing body that is legally separate and fiscally independent. The oversight responsibility includes, but is not limited to, financial interdependency between the town and the governmental entity; control by the town over the entity's governing authority or designation of management; the ability of the town to significantly influence operations of the entity; and whether the town is responsible for the accountability for fiscal matters. Also evaluated were the scope of public service and any special financing relationships. The Yorkville Water Utility, Yorkville Sewer Utility and the Ives Grove Storm Water District are component units of the town that issue separate audited financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The town reports no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Note 1 - Summary of Significant Accounting Policies - Continued

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

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

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

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments 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 considered to be measurable and available only when cash is received by the government.

Funds are organized as either major funds or non-major funds within the governmental statements. A fund is considered major if it is the primary operating fund of the government or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or enterprise fund that the government considers to be particularly important to financial statement users may be reported as a major fund. The accompanying financial statements report no enterprise funds.

Major Funds

The town reports the following major governmental fund:

General Fund - the general fund is the town's primary operating fund and it accounts for all financial resources of the town except those required to be accounted for in another fund.

Note 1 - Summary of Significant Accounting Policies - Continued

Additionally, the town reports the following fund type:

Agency Fund - Trust and agency funds are used to account for assets held by the government in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. For the town, the agency fund is the tax collections fund.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

The town's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of town funds are restricted by state statutes. Permitted investments for the town include any of the following:

(1) Time deposits maturing within three years in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to do business in Wisconsin. (2) Bonds or securities issued or guaranteed by the federal government and its agencies. (3) The Wisconsin Local Government Investment Pool and Wisconsin Investment Trust. (4) Bonds or securities of any county, city, drainage district, technical college district, local exposition district, local professional baseball park district, city, town, or school district of the state and the University of Wisconsin Hospitals and Clinics Authority. (5) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by a nationally recognized rating agency or if that security is senior to, or on parity with, a security of the same issuer which has such a rating. (6) Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities. (7) Securities of open-end management companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds or securities issued by the federal government or a commission, board or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds and securities.

2. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectable amounts.

Note 1 - Summary of Significant Accounting Policies - Continued

2. Receivables - Continued

Property taxes are levied in December on the assessed value as of the prior January 1. Property taxes are recorded as a receivable and deferred revenue in the appropriate fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. In addition to property taxes for the town, taxes are collected for and remitted to the state and county governments as well as the local school districts and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other governments on the statement of net position. Property tax payments received prior to year end are reflected in the agency fund. Interest on delinquent property taxes is recognized as revenue when received.

Details of the town's property tax calendar follows:

Lien and levy dates	December 2014
Real estate collection due dates:	
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property tax due in full	January 31, 2015
Final settlement with county	August 2015
Tax sale of 2014 delinquent real estate taxes	October 2017

3. Inventories

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

4. Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the town as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

As provided for in Statement No. 34 of the Governmental Accounting Standards Board, the town has elected to report its infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) on the prospective basis. Accordingly, infrastructure assets in place as of January 2004 are not reported in the financial statements. Infrastructure assets placed in service in years after 2003 are capitalized as they are constructed.

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.

Note 1 - Summary of Significant Accounting Policies - Continued

4. Capital Assets - Continued

Property, plant, and equipment of the town is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20 - 50
Building improvements	20
Other equipment	7 - 20
Office equipment	5 - 10
Computer equipment	3
Infrastructure	15-30

5. Compensated Absences

The town's full-time clerk/treasurer and regular part-time deputy clerk/treasurer earn sick and vacation time. Effective January 1, 2015, vacation benefits periods shall coincide with calendar years, such that all vacations shall be taken between January 1st and December 31st of each year. As the present vacation benefit period ran through March 31, 2014, employees received a pro-rated amount of vacation days from April 1, 2014 through December 31, 2014. Eligible employees accrue sick leave benefits at the rate of six (6) days per year (payment for sick days shall be based on the number of hours typically scheduled to work in a day). Unused sick leave benefits will be allowed to accumulate until the employee has accrued a total of sixty (60) days. Employees shall not be entitled to a payout for unused sick days on an annual basis, nor at the time of retirement or termination. Therefore, no sick and vacation pay is accrued in the government-wide financial statements.

6. Long-Term Obligations

In the statement of net position, long-term debt and other long-term obligations are reported as liabilities. The town has no outstanding bonds or notes payable.

7. Fund Equity

In the fund financial statements, governmental funds report nonspendable fund balances for amounts that are not in spendable form or are legally or contractually required to be maintained intact. Assigned fund balances represent amounts intended for a specific use that is subject to change.

Note 2 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

The balance sheet and statement of net position includes adjustments to convert the governmental fund balance sheet to the statement of net position. These adjustments are summarized as follows:

Capital assets used in governmental funds are not financial resources and, accordingly, are not reported in the general fund balance sheet as they are in the statement of net position.

Total capital assets	\$ 3,288,030
Less: accumulated depreciation	<u>(484,534)</u>
Net capital assets	<u>\$ 2,803,496</u>

Special assessments are reported as deferred inflows of resources in the fund financial statements and are recognized as revenue when earned in the government-wide financial statements.

Special assessments	<u>\$ 36,216</u>
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Note 3 - Stewardship, Compliance, and Accountability

A. Budgetary Information

The town reviews and adopts its annual budget by December or earlier of the preceding year. The budgetary information included in the accompanying financial statements is comprised of the originally approved budget plus or minus approved revisions of budgeted revenues and expenditures. These budgets are adopted on a basis consistent with accounting principles generally accepted. Management control of the budgetary process has been established at the departmental level of expenditure. A department can be a fund, cost center, program or other activity for which control of expenditures is considered desirable. Expenditures cannot legally exceed their appropriations at the fund level.

The budget may be amended for supplemental appropriations during the year. Budget changes require a two-thirds approval by the town board. The town amended its budget during the year.

B. General Fund Assigned and Nonspendable Fund Balances

The town's fund balance at December 31, 2014 has been assigned for the following purpose:

Town hall building	<u>\$ 117,913</u>
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The fund balance of the general fund is nonspendable at December 31, 2014 for delinquent personal property taxes receivable of \$1,791.

Note 4 - Detailed Notes on All Funds

A. Cash and Investments

The town's cash and investments at December 31, 2014 consisted of the following:

	<u>Carrying Amount</u>	<u>Amounts Deposited</u>	<u>Uninsured Deposits</u>
Checking-interest bearing Savings accounts	\$ 215,963 <u>59,735</u>	\$ 233,227 <u>59,735</u>	\$ - - - <u>42,962</u>
Subtotal	275,698	<u>\$ 292,962</u>	<u>\$ 42,962</u>
State Local Government Investment Pool	3,829,781		
Petty cash	<u>250</u>		
Total	<u>\$ 4,105,729</u>		

Cash and investments are reported in the financial statements as follows:

Balance sheet and statement of net position	\$ 477,857
Statement of net position - fiduciary fund	<u>3,627,872</u>
Total	<u>\$ 4,105,729</u>

Town deposits are insured by the FDIC for up to \$250,000 for time and savings deposits (including interest-bearing NOW accounts), and an additional \$250,000 of FDIC insurance is available for demand (non-interest bearing checking accounts) for each bank used. All town deposits are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses of the pool may not be significant to individual municipalities.

For all investments shown, the fair value at the balance sheet date is substantially the same as the carrying value. The difference between the amounts reported as bank deposits and the carrying amounts above is due to the effect of outstanding checks and deposits in transit on the town's cash balances.

Deposits exceed the amount of FDIC insurance available at certain times during the year due primarily to the collection of property taxes pending settlement with the other taxing districts.

Note 4 - Detailed Notes on All Funds - Continued

A. Cash and Investments - Continued

The town addresses the following risks related to its cash and investments:

Custodial Credit Risk

Custodial credit risk represents the risk that in the event of a financial institution failure, the town's deposits may not be recovered. At December 31, 2014, \$42,962 of the town's bank deposits were above the FDIC insured amount and, therefore, exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the investment. The town has deposits in the Local Government Investment Pool which is not rated, however, consists of investments in federal government securities.

Interest Rate Risk

The town does not have formal policies related to interest rate risk, the risk that changes in interest rates will adversely affect the fair value of an investment. At December 31, 2014 the town's investment in the Local Government Investment Pool (LGIP) had a fair value balance of \$3,829,781. The LGIP had a weighted average maturity of 117 days at December 31, 2014.

The Local Government Investment Pool (LGIP) is an investment fund managed by the State of Wisconsin Investment Board. The LGIP accepts deposits from governmental units within the State of Wisconsin. The objectives of the LGIP are to provide safety of principal, liquidity and a reasonable rate of return. The LGIP is regulated by sections 25.14 and 25.17 of the Wisconsin Statutes and is not a SEC registered investment. The yield of the LGIP changes daily and its participants may invest or withdraw any or all amounts at par value at any time. The LGIP balance reported in the financial statements at December 31, 2014 is \$3,829,781 at cost basis. The fair value of the LGIP investment at December 31, 2014 did not materially differ from its cost basis. A surety bond issued by Financial Security, Inc. insures the investments of the LGIP. This bond provides unlimited coverage on all of the LGIP's investments except U.S. Government and agency securities.

The town does not have a formal investment policy.

Note 4 - Detailed Notes on All Funds - Continued

B. Receivables

Receivables as of year end for the general and fiduciary funds, including the applicable allowances for uncollectable accounts when applicable, are as follows:

	<u>General</u>	<u>Fiduciary Funds</u>	<u>Totals</u>
Receivables:			
Taxes - current	\$ 1,037,693	\$ 5,121,462	\$ 6,159,155
Taxes – delinquent	1,791	---	1,791
Special assessments	36,216	---	36,216
Due from town water utility	17,715	---	17,715
Miscellaneous	<u>2,121</u>	<u>---</u>	<u>2,121</u>
Total net receivables	<u>\$ 1,095,536</u>	<u>\$ 5,121,462</u>	<u>\$ 6,216,998</u>

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At December 31, 2014, the *deferred inflows of resources* reported in the governmental fund consisted of property taxes receivable in the amount of \$1,055,408 and special assessments in the amount of \$36,216.

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ ---	\$ 1,037,693
Tax equivalent due from Yorkville Water Utility	---	17,715
Special assessments receivable	<u>36,216</u>	<u>---</u>
Total deferred inflows of resources for governmental funds	<u>\$ 36,216</u>	<u>\$ 1,055,408</u>

Note 4 - Detailed Notes on All Funds - Continued

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	<u>\$ 20,992</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 20,992</u>
Capital assets, being depreciated:				
Buildings and improvements	9,516	---	---	9,516
Machinery and equipment	25,205	3,697	---	28,902
Infrastructure	<u>2,638,919</u>	<u>589,700</u>	<u>---</u>	<u>3,228,619</u>
Total capital assets being depreciated	<u>2,673,640</u>	<u>593,397</u>	<u>---</u>	<u>3,267,037</u>
Less accumulated depreciation for:				
Buildings and improvements	9,517	---	---	9,517
Machinery and equipment	16,361	2,211	---	18,572
Infrastructure	<u>357,942</u>	<u>98,502</u>	<u>---</u>	<u>456,444</u>
Total accumulated depreciation	<u>383,820</u>	<u>100,713</u>	<u>---</u>	<u>484,533</u>
Total capital assets, being depreciated, net	<u>2,289,820</u>	<u>492,684</u>	<u>---</u>	<u>2,782,504</u>
Governmental activities capital assets, net	<u>\$ 2,310,812</u>	<u>\$ 492,684</u>	<u>\$ ---</u>	<u>\$ 2,803,496</u>

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

Governmental activities:	
General government	\$ 1,877
Sanitation	333
Transportation	<u>98,503</u>
Total depreciation expense - governmental activities	<u>\$ 100,713</u>

D. Long-Term Obligations

A. Union Grove - Yorkville Fire Commission Debt

The town issued a bank note payable on behalf of the Union Grove - Yorkville Fire Commission during 2005 to finance the purchase of fire commission capital equipment. The original amount of the loan was \$495,000 and the balance at December 31, 2014 was \$49,500. The fire commission has agreed to repay the loan and, consequently, it is not included in the accompanying financial statements.

Note 4 - Detailed Notes on All Funds - Continued

E. Lease Obligations

The town rents office and meeting room space from the Village of Union Grove. Rental expense for the year ended December 31, 2014 was \$19,965. The term of the lease was for 36 months commencing on August 1, 2011 and terminating on July 31, 2014. A new 36 month lease was signed on November 10, 2014 which commences on January 1, 2015 and terminates on December 31, 2017.

The remaining future rental payments due on the lease is as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 21,780
2016	21,780
2017	21,780
Total	<u>\$ 65,340</u>

Note 5 - Other Information

A. Risk Management

The town has purchased commercial insurance policies for various risks of loss related to litigation, theft, damage or destruction of assets, errors or omissions, injuries to employees, or acts of God. Payments of premiums for these policies are recorded as expenditures in the general fund of the town. There were no settlements that exceeded insurance coverage in any of the past three years.

B. Employees' Pensions

All eligible town 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 education 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 1,200 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.

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 Employment category, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate.

Note 5 - Other Information - Continued

B. Employees' Pensions - Continued

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)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.31%
Protective without Social Security	7.00%	13.91%

The payroll for town employees covered by the WRS for the year ended December 31, 2014 was \$97,795; the employer's total payroll was \$153,629. The total required contribution for the year ended December 31, 2014 was \$13,692 which consisted of \$6,846, or 7.0% of the covered payroll from the employer and \$6,846 or 7.0% of the covered payroll from employees. Total contributions for the years ending December 31, 2013 and 2012 were \$11,875 and \$10,183, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the 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 and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, PO Box 7931, Madison, Wisconsin 53707-7931.

C. Litigation and Contingencies

In the opinion of management and the town's legal counsel, the town is involved in no claims or lawsuits that would have a material effect on the financial statements in the event of an unfavorable outcome.

Note 5 - Other Information - Continued

D. Property Tax Levy Limit

Wisconsin statutes limit the amount of property taxes that the state's cities, villages, towns and counties may levy. For 2014, the increase in the allowable maximum tax levy is limited to the change in the equalized value resulting from net new construction. The town's levy limit for 2014 (2013 tax levy) was \$1,105,356, a decrease of \$1,097, or .108% from the prior year. The actual amount levied by the town was \$1,105,356.

E. Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through April 16, 2015, the date the financial statements were available to be issued; and concluded there were no matters to be disclosed.

SUPPLEMENTAL INFORMATION

TOWN OF YORKVILLE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>with Final</u>
				<u>Budget</u>
<u>Taxes</u>				
General property taxes	\$ 1,012,781	\$ 1,012,781	\$ 1,012,779	\$ (2)
Managed forest lands	4	4	10	6
Land use penalties	-	-	2,329	2,329
Public accommodation tax	2,250	2,250	2,993	743
Mobile home tax	65,000	65,000	70,466	5,466
Taxes from regulated utilities	17,714	17,714	17,714	-
Interest on taxes	100	100	1,221	1,121
	<u>1,097,849</u>	<u>1,097,849</u>	<u>1,107,512</u>	<u>9,663</u>
<u>Intergovernmental</u>				
State aids:				
Shared revenues	39,702	39,702	39,731	29
Exempt computer aid	2,000	2,000	5,131	3,131
Transportation aid	108,423	108,423	108,400	(23)
Fire insurance dues	17,000	17,000	19,281	2,281
Recycling	5,500	5,500	5,508	8
	<u>172,625</u>	<u>172,625</u>	<u>178,051</u>	<u>5,426</u>
<u>Licenses and Permits</u>				
Liquor and malt beverage licenses	4,900	4,900	4,820	(80)
Operators' licenses	3,000	3,000	2,760	(240)
Cigarette and soda licenses	150	150	250	100
Amusements devices	3,400	3,400	3,350	(50)
Other business licenses	10,050	10,050	12,708	2,658
Buildings permits	35,000	35,000	50,475	15,475
Electrical permits	12,000	12,000	23,461	11,461
Plumbing permits	6,000	6,000	5,171	(829)
Other permits	-	-	455	455
Dog and kennel licenses	4,000	4,000	4,102	102
	<u>\$ 78,500</u>	<u>\$ 78,500</u>	<u>\$ 107,552</u>	<u>\$ 29,052</u>

TOWN OF YORKVILLE
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Fines, Forfeitures, & Penalties</u>	\$ 500	\$ 500	\$ 50	\$ (450)
<u>Charges for Services</u>				
General government fee	500	500	654	154
Sewer district fees	36,000	36,000	36,000	-
Water utility fees	11,086	11,086	11,086	-
Clerk's fees	750	750	771	21
 Total Charges for Services	 <u>48,336</u>	 <u>48,336</u>	 <u>48,511</u>	 <u>175</u>
<u>Miscellaneous Revenues</u>				
Investment income	1,250	1,250	1,103	(147)
Insurance recoveries	1,000	1,000	1,738	738
Other	-	-	600	600
 Total Miscellaneous Revenues	 <u>2,250</u>	 <u>2,250</u>	 <u>3,441</u>	 <u>1,191</u>
 Total Revenues	 <u><u>\$ 1,400,060</u></u>	 <u><u>\$ 1,400,060</u></u>	 <u><u>\$ 1,445,117</u></u>	 <u><u>\$ 45,057</u></u>

TOWN OF YORKVILLE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>General Government</u>				
Legislative:				
Town board	\$ 43,276	\$ 43,276	\$ 43,276	\$ -
Plan commission	3,230	2,584	2,584	-
Printing and publications	3,500	4,950	4,950	-
Judicial	2,500	1,483	1,483	-
Ordinance codification	1,000	550	550	-
Dues, conventions and education	2,500	3,375	3,375	-
Clerk-Treasurer:				
Salaries	50,000	49,793	53,517	(3,724)
Benefits	15,679	15,551	11,827	3,724
Deputy clerk-treasurer:				
Salaries	34,978	34,800	37,246	(2,446)
Benefits	13,478	13,190	10,744	2,446
Office supplies and postage	4,000	3,968	3,968	-
Office repairs	3,000	508	508	-
Office computers and equipment	9,559	13,028	13,028	-
Elections	7,500	7,756	7,756	-
Assessor:				
Salaries	21,600	21,600	23,721	(2,121)
All other	5,000	2,464	343	2,121
Board of review	1,750	864	864	-
Other general government:				
Audit and accounting	3,600	3,600	3,600	-
Attorney	30,000	34,698	34,698	-
Office rent	19,800	19,965	19,965	-
Office maintenance	2,028	2,028	2,028	-
Office utilities	2,000	994	994	-
Uncollectible personal property taxes	-	1,065	1,065	-
Interest and fiscal charges	-	2,455	2,455	-
Property and liability insurance	18,193	19,220	19,220	-
Bonds	360	220	220	-
	<u>\$ 298,531</u>	<u>\$ 303,985</u>	<u>\$ 303,985</u>	<u>\$ -</u>
Total General Government	<u>\$ 298,531</u>	<u>\$ 303,985</u>	<u>\$ 303,985</u>	<u>\$ -</u>

TOWN OF YORKVILLE
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Public Safety</u>				
Constable salary and expense	\$ 13,218	\$ 13,541	\$ 13,541	\$ -
Fire protection and rescue squad	195,426	195,629	195,629	-
Address signs	-	428	428	-
Inspection:				
Building	26,250	36,844	36,844	-
Electrical	10,800	12,876	12,876	-
Plumbing	5,400	4,119	4,119	-
Total Public Safety	<u>251,094</u>	<u>263,437</u>	<u>263,437</u>	<u>-</u>
<u>Public Works</u>				
Highway construction	400,000	589,700	589,700	-
Highway maintenance	100,000	139,620	139,620	-
Snow removal and sanding	110,000	176,220	176,220	-
Highway mowing	20,085	19,500	19,500	-
Bridge inspection	1,000	2,775	2,775	-
Stormwater drainage	-	178	178	-
Street lighting	15,000	16,965	16,965	-
Engineering	50,000	40,050	40,050	-
Sanitation	50,800	60,978	60,978	-
Recycling	36,100	41,865	41,865	-
Weed and nuisance control	300	323	323	-
Total Public Works	<u>783,285</u>	<u>1,088,174</u>	<u>1,088,174</u>	<u>-</u>
<u>Health and Human Services</u>				
Public health nursing services	20,000	19,809	19,809	-
Animal control	5,500	6,824	6,824	-
Total Health and Human Services	<u>25,500</u>	<u>26,633</u>	<u>26,633</u>	<u>-</u>
<u>Culture, Recreation and Education</u>				
Recreation programs	20,650	20,650	20,650	-
<u>Conservation and Development</u>				
Planning	15,000	15,000	15,000	-
Bus service	6,000	5,648	5,648	-
Total Conservation and Development	<u>21,000</u>	<u>20,648</u>	<u>20,648</u>	<u>-</u>
Total Expenditures	<u>\$ 1,400,060</u>	<u>\$ 1,723,527</u>	<u>\$ 1,723,527</u>	<u>\$ -</u>