

**TOWN OF YORKVILLE**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2013**

**TOWN OF YORKVILLE**  
**TABLE OF CONTENTS**  
**For the Year Ended December 31, 2013**

	<u>Page</u>
Independent Auditor's Report	1 - 3
<u>Basic Financial Statements:</u>	
Balance Sheet and Statement of Net Position	4
Statement of Activities	5
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	6
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	7
Statement of Net Position - Fiduciary Funds	8
Notes to the Financial Statements	9 - 22
<u>Supplementary Information:</u>	
General Fund - Schedule of Revenues - Budget and Actual	24 - 25
General Fund - Schedule of Expenditures - Budget and Actual	26 - 27



**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, and the aggregate remaining fund information of the Town of Yorkville, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town of Yorkville's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**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.

## **Basis for Adverse Opinion**

The financial statements referred to above include only the primary government of the Town of Yorkville which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the town's legal entity. The financial statements do not include financial data for the town's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for the town's legally separate component units to be reported with the financial data of the town's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

## **Adverse Opinion**

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the reporting entity of the Town of Yorkville, as of December 31, 2013, or the changes in financial position or cash flows thereof for the year then ended. In accordance with accounting principles generally accepted in the United States of America, the Town of Yorkville has issued separate reporting entity financial statements for which I have issued my reports dated April 14, 2014.

## **Unmodified 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, 2013, 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.

## **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.

*Other Information - Continued*

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.

A handwritten signature in black ink that reads "Patrick W. Romenesko, S.C." The signature is written in a cursive style with a large initial 'P'.

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

Lake Geneva, Wisconsin  
April 14, 2014

**TOWN OF YORKVILLE**  
**BALANCE SHEET AND STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

	General Fund	Adjustments (Note 2)	Statement of Net Position
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 893,072	\$ -	\$ 893,072
Taxes receivable	1,013,661	-	1,013,661
Special assessments	36,216	-	36,216
Other receivables	22,209	-	22,209
Capital assets, net of accumulated depreciation	-	2,310,812	2,310,812
Total assets	1,965,158	2,310,812	4,275,970
<b><u>Liabilities</u></b>			
Accounts payable	119,392	-	119,392
Accrued wages	3,251	-	3,251
Deposits	118,036	-	118,036
Total liabilities	240,679	-	240,679
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - property taxes	1,030,501	-	1,030,501
Unavailable revenue - special assessments	36,216	(36,216)	-
Total deferred inflows of resources	1,066,717	(36,216)	1,030,501
<b><u>Fund Balances/Net Position</u></b>			
Fund balances:			
Nonspendable	875	(875)	-
Assigned	186,446	(186,446)	-
Unassigned	470,441	(470,441)	-
Total fund balances	657,762	(657,762)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 1,965,158		
Invested in capital assets, net of related debt		2,310,812	2,310,812
Unrestricted		693,978	693,978
Total net position		\$ 3,004,790	\$ 3,004,790

See accompanying notes to financial statements.

**TOWN OF YORKVILLE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>			<b><u>Net (Expense) Revenue and Changes in Net Position</u></b>
		<b><u>Charges for Services</u></b>	<b><u>Operating Grants and Contributions</u></b>	<b><u>Capital Grants and Contributions</u></b>	
Governmental activities:					
General government	\$ 291,187	\$ 62,112	\$ -	\$ -	\$ (229,075)
Constable	13,149	51	-	-	(13,098)
Fire protection and rescue squad	189,180	-	17,700	-	(171,480)
Building inspection	92,342	133,097	-	-	40,755
Other public safety	4,918	4,731	-	-	(187)
Transportation	404,179	-	204,420	-	(199,759)
Sanitation	93,964	-	5,514	-	(88,450)
Health and human services	20,760	-	-	-	(20,760)
Culture, recreation and education	20,650	-	-	-	(20,650)
Conservation and development	20,492	-	-	-	(20,492)
<b>Total</b>	<b>\$ 1,150,821</b>	<b>\$ 199,991</b>	<b>\$ 227,634</b>	<b>\$ -</b>	<b>(723,196)</b>

General revenues:	
Property taxes levied for general purposes	1,013,485
Other taxes	84,797
Franchise taxes	11,253
Intergovernmental revenues not restricted to specific programs	45,460
Insurance recoveries	635
Investment earnings	1,546
Transfers	600
Total general revenues and transfers	<u>1,157,776</u>
Change in net position	<u>434,580</u>
Net position - beginning	<u>2,570,210</u>
Net position - ending	<u>\$ 3,004,790</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	\$ 1,110,892	\$ 1,110,892	\$ 1,098,282	\$ (12,610)
Intergovernmental	165,853	165,853	273,094	107,241
Licenses and permits	68,100	68,100	162,585	94,485
Fines, forfeitures, & penalties	1,000	1,000	51	(949)
Charges for services	48,086	48,086	48,608	522
Investment income	2,000	2,000	1,546	(454)
Miscellaneous	-	-	635	635
Total revenues	<u>1,395,931</u>	<u>1,395,931</u>	<u>1,584,801</u>	<u>188,870</u>
<b><u>Expenditures</u></b>				
Current:				
General government	316,167	310,715	310,019	696
Public safety	239,417	239,417	299,589	(60,172)
Public works	778,197	783,649	694,048	89,601
Health and human services	20,000	20,000	20,760	(760)
Culture, recreation and education	20,650	20,650	20,650	-
Conservation and development	21,500	21,500	20,492	1,008
Total expenditures	<u>1,395,931</u>	<u>1,395,931</u>	<u>1,365,558</u>	<u>30,373</u>
Excess of revenues over expenditures	-	-	219,243	219,243
<b><u>Other Financing Sources</u></b>				
Transfers in	-	-	600	600
Net changes in fund balances	-	-	219,843	219,843
Fund balances - beginning of year	<u>437,919</u>	<u>437,919</u>	<u>437,919</u>	<u>-</u>
Fund balances - end of year	<u>\$ 437,919</u>	<u>\$ 437,919</u>	<u>\$ 657,762</u>	<u>\$ 219,843</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, 2013**

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

Net change in fund balances	\$ 219,843
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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.	284,010
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Depreciation that is reported in the statement of activities.	(85,347)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund.

Change in compensated absences	<u>16,074</u>
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Change in net position of governmental activities	<u><u>\$ 434,580</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, 2013**

	<u>Agency Fund</u>
	Tax Collection Fund
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 3,570,536
Taxes receivable	5,378,014
Total Assets	8,948,550
 <b><u>Liabilities</u></b>	
Due to other governments	8,948,550
 <b>Net Position</b>	\$ -

See accompanying notes to financial statements.

**TOWN OF YORKVILLE**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2013**

<u>Note Number</u>	<u>Page</u>
1. Summary Of Significant Accounting Policies	
A. Reporting Entity	10
B. Government-Wide and Fund Financial Statements	10
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	11 - 12
D. Assets, Liabilities, and Net Position or Equity	
1. Cash and Investments	12
2. Receivables	12 - 13
3. Inventories	13
4. Capital Assets	13 - 14
5. Compensated Absences	14
6. Long-Term Obligations	14
7. Fund Equity	14
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	15
3. Stewardship, Compliance, and Accountability	
A. Budgetary Information	15
B. General Fund Assigned and Nonspendable Fund Balances	15
4. Detailed Notes on All Funds	
A. Cash and Investments	16 - 17
B. Receivables	18
C. Capital Assets	19
D. Long-Term Obligations	19 - 20
E. Lease Obligations	20
5. Other Information	
A. Risk Management	20
B. Employees' Pensions	20 - 22
C. Litigation and Contingencies	22
D. Property Tax Levy Limit	22
E. Subsequent Events	22
F. Change in Accounting Principle	22

**TOWN OF YORKVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**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 2013
Real estate collection due dates:	
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property tax due in full	January 31, 2014
Final settlement with county	August 2014
Tax sale of 2013 delinquent real estate taxes	October 2016

### ***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

### ***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 1<sup>st</sup> and December 31<sup>st</sup> of each year. As the present vacation benefit period runs through March 31, 2014, employees will receive 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	\$ 2,694,632
Less: accumulated depreciation	<u>(383,820)</u>
Net capital assets	<u>\$ 2,310,812</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, 2013 has been assigned for the following purpose:

Town hall building	<u>\$ 186,446</u>
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The fund balance of the general fund is nonspendable at December 31, 2013 for delinquent personal property taxes receivable of \$875.

**Note 4 - Detailed Notes on All Funds**

**A. Cash and Investments**

The town's cash and investments at December 31, 2013 consisted of the following:

	<u>Carrying Amount</u>	<u>Amounts Deposited</u>	<u>Uninsured Deposits</u>
Checking-interest bearing Savings accounts	\$ 3,611,398 <u>124,908</u>	\$ 3,631,905 <u>124,908</u>	\$ 3,381,905 <u>124,908</u>
Subtotal	3,736,306	<u>\$ 3,756,813</u>	<u>\$ 3,506,813</u>
State Local Government Investment Pool	727,252		
Petty cash	<u>50</u>		
Total	<u>\$ 4,463,608</u>		

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

Balance sheet and statement of net position	\$ 893,072
Statement of net position - fiduciary fund	<u>3,570,536</u>
Total	<u>\$ 4,463,608</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. For the period December 31, 2010 through December 31, 2013, all non-interest bearing accounts are fully insured, regardless of the balance of the account. 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, 2013, \$3,506,813 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, 2013 the town's investment in the Local Government Investment Pool (LGIP) had a fair value balance of \$727,252. The LGIP had a weighted average maturity of 89 days at December 31, 2013.

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, 2013 is \$727,252 at cost basis. The fair value of the LGIP investment at December 31, 2013 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	\$ 1,012,786	\$ 5,378,014	\$ 6,390,800
Taxes - delinquent	875	---	875
Special assessments	36,216	---	36,216
Due from town water utility	17,715	---	17,715
Miscellaneous	<u>4,494</u>	<u>---</u>	<u>4,494</u>
Total net receivables	<u>\$ 1,072,086</u>	<u>\$ 5,378,014</u>	<u>\$ 6,450,100</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, 2013, the *deferred inflows of resources* reported in the governmental fund consisted of property taxes receivable in the amount of \$1,030,501 and special assessments in the amount of \$36,216.

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ ---	\$ 1,012,786
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>\$ 1,030,501</u>

## **Note 4 - Detailed Notes on All Funds - Continued**

### **C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
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	25,258	4,395	(4,448)	25,205
Infrastructure	<u>2,359,304</u>	<u>279,615</u>	<u>---</u>	<u>2,638,919</u>
Total capital assets being depreciated	<u>2,394,078</u>	<u>284,010</u>	<u>(4,448)</u>	<u>2,673,640</u>
Less accumulated depreciation for:				
Buildings and improvements	9,517	---	---	9,517
Machinery and equipment	18,839	1,970	(4,448)	16,361
Infrastructure	<u>274,565</u>	<u>83,377</u>	<u>---</u>	<u>357,942</u>
Total accumulated depreciation	<u>302,921</u>	<u>85,347</u>	<u>(4,448)</u>	<u>383,820</u>
Total capital assets, being depreciated, net	<u>2,091,157</u>	<u>198,663</u>	<u>---</u>	<u>2,289,820</u>
Governmental activities capital assets, net	<u>\$ 2,112,149</u>	<u>\$ 198,663</u>	<u>\$ ---</u>	<u>\$ 2,310,812</u>

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

Governmental activities:	
General government	\$ 1,637
Sanitation	333
Transportation	<u>83,377</u>
Total depreciation expense - governmental activities	<u>\$ 85,347</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, 2013 was \$99,000. The fire commission has agreed to repay the loan and, consequently, it is not included in the accompanying financial statements.

#### **B. Industrial Development Revenue Bonds**

The town issued industrial development revenue bonds during 2005 for the benefit of a private entity in the amount of \$4,700,000. The balance of bonds outstanding as of December 31, 2013 is not available. The town has no liability for repayment of these bonds and, consequently, they are not included in the 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, 2013 was \$19,800. The term of the lease is for 36 months commencing on August 1, 2011 and terminating on July 31, 2014.

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

<u>Year</u>	<u>Amount</u>
2014	<u>\$ 11,550</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 2013 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for town employees covered by the WRS for the year ended December 31, 2013 was \$89,284; the employer's total payroll was \$185,823. The total required contribution for the year ended December 31, 2013 was \$11,874 which consisted of \$5,937, or 6.6% of the covered payroll from the employer and \$5,937 or 6.6% of the covered payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$10,183 and \$9,638, 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 2013, 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 2013 (2012 tax levy) was \$1,106,453, an increase of \$62,466, or 5.983% from the prior year. The actual amount levied by the town was \$1,016,453.

### **E. Subsequent Events**

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through April 1, 2014, the date the financial statements were available to be issued; and concluded there were no matters to be disclosed.

### **F. Change in Accounting Principle**

The town implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2013. The objective of this standard is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows or deferred inflows of resources; or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenditures) or inflows of resources (revenues). The net position and fund balances of the town were not affected by implementing this principle.



**SUPPLEMENTAL INFORMATION**

**TOWN OF YORKVILLE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Taxes</u></b>				
General property taxes	\$ 1,014,503	\$ 1,014,503	\$ 1,013,485	\$ (1,018)
Managed forest lands	4	4	4	-
Land use penalties	1,671	1,671	1,671	-
Public accommodation tax	2,000	2,000	2,871	871
Mobile home tax	75,000	75,000	62,535	(12,465)
Taxes from regulated utilities	17,714	17,714	17,714	-
Interest on taxes	-	-	2	2
	<u>1,110,892</u>	<u>1,110,892</u>	<u>1,098,282</u>	<u>(12,610)</u>
<b><u>Intergovernmental</u></b>				
State aids:				
Shared revenues	39,324	39,324	39,739	415
Exempt computer aid	2,000	2,000	5,721	3,721
Transportation aid	102,529	102,529	102,469	(60)
Bridge aid	-	-	101,951	101,951
Fire insurance dues	17,000	17,000	17,700	700
Recycling	5,000	5,000	5,514	514
	<u>165,853</u>	<u>165,853</u>	<u>273,094</u>	<u>107,241</u>
<b><u>Licenses and Permits</u></b>				
Liquor and malt beverage licenses	5,500	5,500	4,855	(645)
Operators' licenses	2,500	2,500	3,150	650
Cigarette and soda licenses	150	150	300	150
Amusements devices	3,400	3,400	3,400	-
Other business licenses	9,050	9,050	13,052	4,002
Buildings permits	30,000	30,000	94,731	64,731
Electrical permits	8,000	8,000	27,818	19,818
Plumbing permits	6,000	6,000	10,548	4,548
Other permits	-	-	1,630	1,630
Dog and kennel licenses	3,500	3,500	3,101	(399)
	<u>\$ 68,100</u>	<u>\$ 68,100</u>	<u>\$ 162,585</u>	<u>\$ 94,485</u>

**TOWN OF YORKVILLE**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Fines, Forfeitures, &amp; Penalties</u></b>	\$ 1,000	\$ 1,000	\$ 51	\$ (949)
<b><u>Charges for Services</u></b>				
General government fee	500	500	442	(58)
Sewer district fees	36,000	36,000	36,000	-
Water utility fees	11,086	11,086	11,086	-
Clerk's fees	500	500	1,080	580
	<u>48,086</u>	<u>48,086</u>	<u>48,608</u>	<u>522</u>
<b><u>Total Charges for Services</u></b>				
	<u>48,086</u>	<u>48,086</u>	<u>48,608</u>	<u>522</u>
<b><u>Miscellaneous Revenues</u></b>				
Investment income	2,000	2,000	1,546	(454)
Insurance recoveries	-	-	635	635
	<u>2,000</u>	<u>2,000</u>	<u>2,181</u>	<u>181</u>
<b><u>Total Miscellaneous Revenues</u></b>				
	<u>2,000</u>	<u>2,000</u>	<u>2,181</u>	<u>181</u>
<b><u>Total Revenues</u></b>	<u>\$ 1,395,931</u>	<u>\$ 1,395,931</u>	<u>\$ 1,584,801</u>	<u>\$ 188,870</u>

**TOWN OF YORKVILLE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>General Government</u></b>				
Legislative:				
Town board	\$ 43,276	\$ 43,276	\$ 43,275	\$ 1
Plan commission	3,230	3,230	2,638	592
Printing and publications	3,200	1,900	3,146	(1,246)
Judicial	3,000	3,000	2,963	37
Ordinance codification	1,000	1,000	938	62
Dues, conventions and education	2,500	2,500	3,349	(849)
Clerk-Treasurer:				
Salaries	78,402	85,602	85,553	49
Benefits	16,817	16,817	12,332	4,485
Deputy clerk-treasurer:				
Salaries	41,825	41,825	39,390	2,435
Benefits	5,981	5,981	2,820	3,161
Office supplies and postage	4,000	500	3,989	(3,489)
Office repairs	2,748	996	2,186	(1,190)
Office computers and equipment	6,500	7,800	7,798	2
Elections	4,300	4,900	4,901	(1)
Assessor:				
Salaries	21,600	21,600	23,698	(2,098)
All other	3,555	3,555	-	3,555
Board of review	1,693	1,693	1,746	(53)
Other general government:				
Audit and accounting	3,600	3,600	3,600	-
Attorney	27,000	19,000	25,232	(6,232)
Office rent	19,800	19,800	19,800	-
Office maintenance	1,950	1,950	1,950	-
Office utilities	2,500	2,500	876	1,624
Miscellaneous	-	-	45	(45)
Property and liability insurance	17,041	17,041	17,234	(193)
Bonds	649	649	560	89
Total General Government	<u>\$ 316,167</u>	<u>\$ 310,715</u>	<u>\$ 310,019</u>	<u>\$ 696</u>

**TOWN OF YORKVILLE**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Public Safety</u></b>				
Constable salary and expense	\$ 13,318	\$ 13,318	\$ 13,149	\$ 169
Animal control	5,000	5,000	4,918	82
Fire protection and rescue squad	188,899	188,899	189,180	(281)
Inspection:				
Building	21,300	21,300	58,301	(37,001)
Electrical	6,100	6,100	26,316	(20,216)
Plumbing	4,800	4,800	7,725	(2,925)
Total Public Safety	<u>239,417</u>	<u>239,417</u>	<u>299,589</u>	<u>(60,172)</u>
<b><u>Public Works</u></b>				
Highway construction and maintenance	487,967	476,554	378,162	98,392
Snow removal and sanding	110,000	110,000	149,780	(39,780)
Highway mowing	19,500	36,365	24,000	12,365
Street lighting	15,000	15,000	14,090	910
Engineering	50,000	50,000	34,207	15,793
Drainage	30	30	178	(148)
Sanitation	44,400	44,400	57,358	(12,958)
Recycling	51,000	51,000	35,973	15,027
Weed and nuisance control	300	300	300	-
Total Public Works	<u>778,197</u>	<u>783,649</u>	<u>694,048</u>	<u>89,601</u>
<b><u>Health and Human Services</u></b>				
Public health nursing services	20,000	20,000	20,760	(760)
<b><u>Culture, Recreation and Education</u></b>				
Recreation programs	20,650	20,650	20,650	-
<b><u>Conservation and Development</u></b>				
Planning	15,000	15,000	15,000	-
Bus service	6,500	6,500	5,492	1,008
	<u>21,500</u>	<u>21,500</u>	<u>20,492</u>	<u>1,008</u>
Total Expenditures	<u><u>\$ 1,395,931</u></u>	<u><u>\$ 1,395,931</u></u>	<u><u>\$ 1,365,558</u></u>	<u><u>\$ 30,373</u></u>