

TOWN OF CEDARBURG

Cedarburg, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2014

TOWN OF CEDARBURG

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INDEPENDENT AUDITORS' REPORT

To the Town Board
Town of Cedarburg
Cedarburg, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cedarburg, Wisconsin, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town of Cedarburg's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town of Cedarburg'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 Town of Cedarburg's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Town Board
Town of Cedarburg

Opinions

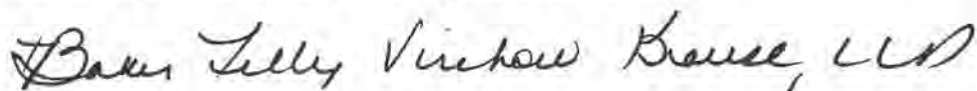
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cedarburg, Wisconsin, as of December 31, 2014 and the respective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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Our opinion on the basic financial statements is not affected by this missing information.



Milwaukee, Wisconsin
May 7, 2015

TOWN OF CEDARBURG

STATEMENT OF NET POSITION As of December 31, 2014

	Governmental Activities
ASSETS	
Cash and investments	\$ 3,780,827
Receivables	
Taxes	860,239
Accounts receivable	9,500
Inventories	8,136
Restricted assets	
Cash and investments	407,754
Capital Assets	
Land	1,523,257
Other capital assets, net of depreciation	12,536,740
Total Assets	<u>19,126,453</u>
LIABILITIES	
Accounts payable	136,898
Accrued liabilities	42,435
Deposits	227,485
Noncurrent Liabilities	
Due within one year	300,000
Due in more than one year	1,846,323
Total Liabilities	<u>2,553,141</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	<u>2,002,027</u>
Total Deferred Inflows of Resources	<u>2,002,027</u>
NET POSITION	
Net investment in capital assets	12,534,997
Restricted for	
Public facilities - impact fees	404,754
Debt service	141,249
Recreation	294,324
Unrestricted	<u>1,195,961</u>
TOTAL NET POSITION	<u>\$ 14,571,285</u>

See accompanying notes to financial statements.

TOWN OF CEDARBURG

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 542,480	\$ 118,839	\$ -	\$ -	\$ (423,641)
Public safety	293,849	144,507	29,650	-	(119,692)
Public works	1,526,881	56,555	146,065	-	(1,324,261)
Culture, education and recreation	114,956	83,186	-	458,434	426,664
Conservation and development	18,281	-	-	-	(18,281)
Interest and fiscal charges	72,455	-	-	-	(72,455)
Total Governmental Activities	<u>\$ 2,568,902</u>	<u>\$ 403,087</u>	<u>\$ 175,715</u>	<u>\$ 458,434</u>	<u>\$ (1,531,666)</u>
General Revenues					
Taxes					
Property taxes, levied for general purposes					1,587,569
Property taxes, levied for debt service					298,381
Other taxes					2,000
Intergovernmental revenues not restricted to specific programs					72,541
Investment income					3,700
Miscellaneous					<u>12,224</u>
Total General Revenues					<u>1,976,415</u>
Change in net position					444,749
NET POSITION - Beginning of Year					<u>14,126,536</u>
NET POSITION - END OF YEAR					<u>\$ 14,571,285</u>

See accompanying notes to financial statements.

TOWN OF CEDARBURG

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2014

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 2,359,097	\$ 640,931	\$ -
Receivables			
Tax roll receivable	774,642	7,389	78,208
Accounts	9,500	-	-
Due from other funds	244,286	8,030	262,510
Inventories and prepayments	8,136	-	-
Restricted - cash and investments	<u>-</u>	<u>407,754</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 3,395,661</u>	<u>\$ 1,064,104</u>	<u>\$ 340,718</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 129,449	\$ 6,326	\$ -
Accrued liabilities	25,016	-	-
Deposits	500	226,985	-
Due to other funds	<u>248,060</u>	<u>22,480</u>	<u>-</u>
Total Liabilities	<u>403,025</u>	<u>255,791</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenue	<u>1,802,777</u>	<u>17,200</u>	<u>182,050</u>
Total Deferred Inflows of Resources	<u>1,802,777</u>	<u>17,200</u>	<u>182,050</u>
Fund Balances			
Nonspendable	8,314	-	-
Restricted	-	404,754	158,668
Assigned	161,802	386,359	-
Unassigned	<u>1,019,743</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>1,189,859</u>	<u>791,113</u>	<u>158,668</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,395,661</u>	<u>\$ 1,064,104</u>	<u>\$ 340,718</u>

See accompanying notes to financial statements.

Capital Projects	Special Revenue- Recreation	Totals
\$ 485,352	\$ 295,447	\$ 3,780,827
-	-	860,239
-	-	9,500
-	-	514,826
-	-	8,136
-	-	407,754
<u>\$ 485,352</u>	<u>\$ 295,447</u>	<u>\$ 5,581,282</u>

\$ -	\$ 1,123	\$ 136,898
-	-	25,016
-	-	227,485
244,286	-	514,826
<u>244,286</u>	<u>1,123</u>	<u>904,225</u>

-	-	2,002,027
-	-	2,002,027

-	-	8,314
-	294,324	857,746
241,066	-	789,227
-	-	1,019,743
<u>241,066</u>	<u>294,324</u>	<u>2,675,030</u>

<u>\$ 485,352</u>	<u>\$ 295,447</u>	<u>\$ 5,581,282</u>
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See accompanying notes to financial statements.

TOWN OF CEDARBURG

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2014

Total Fund Balances - Governmental Funds	\$ 2,675,030
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.

Land	1,523,257
Other capital assets	19,910,791
Less: Accumulated depreciation	(7,374,051)

Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds.

Bonds and notes payable	(1,525,000)
Pollution Remediation	(621,323)
Accrued interest	<u>(17,419)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 14,571,285</u>
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TOWN OF CEDARBURG

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

	General	Special Revenue	Debt Service	Capital Projects
REVENUES				
Taxes	\$ 1,589,569	\$ -	\$ 298,381	\$ -
Intergovernmental	294,613	-	-	-
Regulation and compliance	220,793	1,500	-	-
Fines, forfeitures and penalties	40	-	-	-
Public charges for services	52,088	45,480	-	-
Investment income	2,528	810	-	362
Miscellaneous	12,224	-	-	-
Total Revenues	<u>2,171,855</u>	<u>47,790</u>	<u>298,381</u>	<u>362</u>
EXPENDITURES				
Current				
General government	505,103	35,482	-	-
Public safety	274,424	-	-	-
Public works	1,126,332	-	-	-
Culture, recreation and education	25,017	-	-	-
Conservation and development	3,635	-	-	-
Capital Outlay	4,343	-	-	-
Debt Service				
Principal	-	-	262,098	-
Interest and fiscal charges	-	-	74,269	-
Total Expenditures	<u>1,938,854</u>	<u>35,482</u>	<u>336,367</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>233,001</u>	<u>12,308</u>	<u>(37,986)</u>	<u>362</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	38,843	-	-
Transfers out	(52,037)	-	-	-
Property sales	141,802	-	-	-
Total Other Financing Sources (Uses)	<u>89,765</u>	<u>38,843</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	322,766	51,151	(37,986)	362
FUND BALANCES - Beginning of Year	<u>867,093</u>	<u>739,962</u>	<u>196,654</u>	<u>240,704</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,189,859</u>	<u>\$ 791,113</u>	<u>\$ 158,668</u>	<u>\$ 241,066</u>

See accompanying notes to financial statements.

Special Revenue- Recreation	Totals
\$ -	\$ 1,887,950
-	294,613
-	222,293
-	40
83,186	180,754
-	3,700
<u>277,275</u>	<u>289,499</u>
<u>360,461</u>	<u>2,878,849</u>
-	540,585
-	274,424
-	1,126,332
61,892	86,909
-	3,635
17,439	21,782
-	262,098
-	<u>74,269</u>
<u>79,331</u>	<u>2,390,034</u>
<u>281,130</u>	<u>488,815</u>
13,194	52,037
-	(52,037)
-	<u>141,802</u>
<u>13,194</u>	<u>141,802</u>
294,324	630,617
-	<u>2,044,413</u>
<u>\$ 294,324</u>	<u>\$ 2,675,030</u>

See accompanying notes to financial statements.

TOWN OF CEDARBURG

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$	630,617
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.		
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements		21,782
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements		3,740
Depreciation is reported in the government-wide financial statements		(468,302)
Net book value of assets retired		(7,000)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid		262,098
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on debt		1,814
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>444,749</u>

See accompanying notes to financial statements.

TOWN OF CEDARBURG

STATEMENT OF ASSETS AND LIABILITIES AGENCY FUND As of December 31, 2014

	<u>Agency Fund</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS	
Cash and investments	\$ 6,473,570
Taxes Receivable	<u>4,363,018</u>
TOTAL ASSETS	<u><u>\$ 10,836,588</u></u>
LIABILITIES	
Due to other governmental units	\$ 10,824,077
Accounts payable	<u>12,511</u>
TOTAL LIABILITIES	<u><u>\$ 10,836,588</u></u>

See accompanying notes to financial statements.

TOWN OF CEDARBURG

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TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Cedarburg, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the town. The reporting entity for the town consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The town has not identified any organizations that meet this criteria.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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. The town does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the town or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the town believes is particularly important to financial statement users may be reported as a major fund.

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

The town reports the following major governmental funds:

- General Fund - accounts for the town's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Special Revenue Fund - used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the program.
- Recreation Special Revenue Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for operating the town's recreation program and capital outlays, including the acquisition or construction of recreation facilities.
- Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.
- Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities.

In addition, the town reports the following fund type:

- Agency Funds - used to account for and report assets held by the town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collection Fund

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the town is entitled the resources and the amounts are available. Amounts owed to the town which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

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

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

The town has adopted an investment policy. That policy contains the following guidelines for allowable investments and follows the state statute for allowable investments.

Custodial Credit Risk: All public funds of the Town shall be held in authorized public depositories insured both by the Federal Deposit Insurance Corporation (FDIC) and by the State of Wisconsin.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Interest Rate Risk: Except for debt service funds, nonexpendable trust funds, and other assets provided for the payment of any long-term obligations, public funds held by the Town shall be invested in instruments whose maturities do not exceed two years at the time of purchase, unless an extension of maturities is approved by the Town Board of Supervisors. For the General Fund and other operating funds, maturities shall not exceed one year, unless a temporary extension of maturities is approved by the Town Board of Supervisors.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

See Note III. A. for further information.

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. 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 district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of assets and liabilities - agency fund.

Property tax calendar - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	July 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the Town because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the average cost method using the consumption method of accounting.

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$1,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	25-50 Years
Machinery and Equipment	10-20 Years
Infrastructure	35-50 Years

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

6. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

7. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts is reported as an other financing source and payments of principal and interest are reported as expenditures.

The town has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the town. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no IRB's outstanding at year end.

8. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

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

Fund Statements

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Town Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Town Board that originally created the commitment.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (cont.)

9. Equity Classifications

Fund Statements (cont.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The Board may take official action to assign amounts. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the town would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Under Resolution #2006-8 the Board formally established a stabilization fund beginning with the fiscal year 2007 budget. The stabilization fund is reported within the unassigned balance of the general fund. The stabilization fund shall not be used except to support expenditures prior to the collections of taxes or other major revenues. Additions to the stabilization fund are required when the fund balance declines below 20% of the Town's annual operating budget. The balance in the stabilization fund at year end was \$590,228.

See Note III. H. for further information.

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LIMITATIONS ON THE TOWN'S TAX LEVY

Wisconsin law limits the town's future tax levies. Generally the town is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the town's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The town is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The town's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 10,661,801	\$ 10,698,362	Custodial credit risk
Petty cash	350	-	N/A
Total Deposits and Investments	<u>\$ 10,662,151</u>	<u>\$ 10,698,362</u>	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 3,780,827		
Restricted cash and investments	407,754		
Per statement of assets and liabilities - agency fund			
Tax Collection Fund	<u>6,473,570</u>		
Total Deposits and Investments	<u>\$ 10,662,151</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

The town maintains collateral agreements with its banks. At December 31, 2014, the banks had pledged various government securities in the amount of \$10,629,159 to secure the town's deposits.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the town's deposits may not be returned to the town.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Deposits (cont.)

As of December 31, 2014, \$381,564 of the town's total bank balances were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 381,564
Total	<u>\$ 381,564</u>

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 2,002,027
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 2,002,027</u>

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Impact Fee Account

The town has received impact fees which must be spent in accordance with the local ordinance and state statutes. Any unspent funds must be refunded to the current property owner.

Restricted assets at December 31, 2014 were \$407,754.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,523,257	\$ -	\$ -	\$ 1,523,257
Total Capital Assets Not Being depreciated	<u>1,523,257</u>	<u>-</u>	<u>-</u>	<u>1,523,257</u>
Capital assets being depreciated				
Buildings	2,575,116	-	50,000	2,525,116
Machinery and equipment	1,333,308	25,522	-	1,358,830
Infrastructure	16,026,845	-	-	16,026,845
Total Capital Assets Being Depreciated	<u>19,935,269</u>	<u>25,522</u>	<u>50,000</u>	<u>19,910,791</u>
Total Capital Assets	<u>21,458,526</u>	<u>25,522</u>	<u>50,000</u>	<u>21,434,048</u>
Less: Accumulated depreciation for				
Buildings	(783,178)	(65,736)	43,000	(805,914)
Machinery and equipment	(891,600)	(72,854)	-	(964,454)
Infrastructure	(5,273,971)	(329,712)	-	(5,603,683)
Total Accumulated depreciation	<u>(6,948,749)</u>	<u>(468,302)</u>	<u>43,000</u>	<u>(7,374,051)</u>
Net Capital Assets Being Depreciated	<u>12,986,520</u>	<u>(442,780)</u>	<u>7,000</u>	<u>12,536,740</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 14,509,777</u>	<u>\$ (442,780)</u>	<u>\$ 7,000</u>	<u>\$ 14,059,997</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 16,541
Public Works	404,289
Public safety	19,425
Culture and recreation	<u>28,047</u>
Total Governmental Activities Depreciation Expense	<u>\$ 468,302</u>

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Project Fund	\$ 244,286
Special Revenue Fund	General Fund	8,030
Debt Service Fund	General Fund	240,030
Debt Service Fund	Special Revenue Fund	<u>22,480</u>
Total - Fund Financial Statements		514,826
Less: Fund eliminations		<u>(514,826)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>

All amounts are due within one year.

The principal purpose of these interfunds is reimburse the various funds. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Recreation Fund	General Fund	\$ 13,194	Transfer to create recreation fund
Special Revenue Fund	General Fund	<u>38,843</u>	Budgeted Transfer
Total - Fund Financial Statements		52,037	
Less: Fund eliminations		<u>(52,037)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 1,787,098	\$ -	\$ 262,098	\$ 1,525,000	\$ 300,000
Sub-totals	<u>1,787,098</u>	<u>-</u>	<u>262,098</u>	<u>1,525,000</u>	<u>300,000</u>
Other Liabilities					
Pollution remediation obligation	621,323	-	-	621,323	-
Total Other Liabilities	<u>621,323</u>	<u>-</u>	<u>-</u>	<u>621,323</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,408,421</u>	<u>\$ -</u>	<u>\$ 262,098</u>	<u>\$ 2,146,323</u>	<u>\$ 300,000</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the town may not exceed 5% of the equalized value of taxable property within the town's jurisdiction. The debt limit as of December 31, 2014, was \$39,938,465. Total general obligation debt outstanding at year end was \$1,525,000.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the town. Notes and bonds in the governmental funds will be retired by future property tax levies.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2014</u>
GO Promissory note	4/15/09	4/1/18	2.75-3.70%	\$ 810,000	\$ 450,000
Taxable GO Promissory Note	4/15/09	4/1/19	3.00-5.00%	1,400,000	<u>1,075,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 1,525,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 300,000	\$ 63,050
2016	300,000	49,675
2017	300,000	36,113
2018	375,000	20,900
2019	<u>250,000</u>	<u>6,250</u>
Totals	<u>\$ 1,525,000</u>	<u>\$ 175,988</u>

Other Debt Information

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The town believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

G. POLLUTION REMEDIATION OBLIGATIONS

At year end December 31, 2014, the town was obligated to address the future pollution cleanup activities at Prochnow Landfill, due to federal or state laws and regulations. The town's obligation originated in 2008 to address the pollution remediation because the pollution created an imminent endangerment to public health or welfare or the environment. Examples of expected future remediation activity costs include legal services, site investigation, and required post-remediation monitoring costs. The amount reported as a pollution remediation obligation represents the current value of the cash flows expected to be paid for these activities. Any expected recoveries would be treated separately as a receivable when such reimbursements become measurable. As of December 31, 2014, the obligation was \$621,323. The town will recognize these liabilities and related expenses as an operating expense in the government-wide financial statements only when such costs become measurable. Because of this, the liability is subject to change as the town becomes aware of new information which may affect its estimate. Only when actual outlays are made are they recognized in the governmental fund financial statements as expenditures. This will also reduce the amount of the liability on the government-wide financial statements. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2014, includes the following:

Governmental Activities

Net Investment in Capital Assets	
Land	\$ 1,523,257
Other capital assets, net of accumulated depreciation	12,536,740
Less: Long-term debt outstanding	<u>(1,525,000)</u>
Total Net Investment in Capital Assets	<u>12,534,997</u>
Restricted	
Debt service	141,249
Public facilities - impact fees	404,754
Recreation	<u>294,324</u>
Total Restricted	<u>840,327</u>
Unrestricted	<u>1,195,961</u>
Total Governmental Activities Net Position	<u>\$ 14,571,285</u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2014, include the following:

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Nonspendable

Major Fund

General Fund

Delinquent personal property taxes

\$ 178

Inventories

8,136

Total

\$ 8,314

Restricted

Major Funds

Debt Service Fund

Debt service

\$ 158,668

Special Revenue Fund

Public facilities - impact fees

404,754

Recreation Fund

Recreation projects

294,324

Total

\$ 857,746

Assigned

Major Funds

General Fund

Future public works facility

\$ 141,802

Future budget use

20,000

Sub-Total

161,802

Special Revenue Fund

Machinery

385,373

Highways and bridges

32,965

Environment

(46,117)

Five corners town center

26,476

Less: reduction for available funds

(12,338)

Sub-Total

386,359

Capital Projects Fund

Capital purchases and construction

241,066

Total

\$ 789,227

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

Unassigned	
Major Fund	
General fund	\$ 1,019,743
Total	<u>\$ 1,019,743</u>

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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 over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

Contribution rates for December 31, 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives and Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.10%
Protective without Social Security	7.00%	13.70%

The payroll for town employees covered by the WRS for the year ended December 31, 2014 was \$568,300; the employer's total payroll was \$628,575. The total required contribution for the year ended December 31, 2014 was \$79,562 or 14.0% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ended 2013 and 2012 were \$74,226 and \$59,369, respectively, equal to the required contributions for each year.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

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

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

As of December 31, 2014 there was no pension related debt for the town.

B. RISK MANAGEMENT

The town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the town is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the town attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the town's financial position or results of operations.

TOWN OF CEDARBURG

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

D. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CEDARBURG

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND As of and for the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,590,379	\$ 1,590,379	\$ 1,589,569	\$ (810)
Intergovernmental	243,037	243,037	294,613	51,576
Licenses and permits	118,355	180,474	220,793	40,319
Fines, forfeitures and penalties	-	-	40	40
Public charges for services	56,450	56,450	52,088	(4,362)
Investment income	2,000	2,000	2,528	528
Miscellaneous	5,000	5,000	12,224	7,224
Total Revenues	<u>2,015,221</u>	<u>2,077,340</u>	<u>2,171,855</u>	<u>94,515</u>
EXPENDITURES				
Current:				
General government	557,940	557,940	505,103	52,837
Public safety	213,542	274,424	274,424	-
Public works	1,188,404	1,188,404	1,126,332	62,072
Culture, recreation and education	23,700	25,017	25,017	-
Conservation and development	3,635	3,635	3,635	-
Capital Outlay	44,843	44,843	4,343	40,500
Total Expenditures	<u>2,032,064</u>	<u>2,094,263</u>	<u>1,938,854</u>	<u>155,409</u>
Excess of revenues over expenditures	<u>(16,843)</u>	<u>(16,923)</u>	<u>233,001</u>	<u>249,924</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(52,037)	(52,037)
Property sales	-	-	141,802	141,802
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>89,765</u>	<u>89,765</u>
Net Change in Fund Balance	<u>\$ (16,843)</u>	<u>\$ (16,923)</u>	<u>322,766</u>	<u>\$ 339,689</u>
FUND BALANCE - Beginning of Year			<u>867,093</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,189,859</u>	

See independent auditors' report and accompanying notes to required supplementary information.

TOWN OF CEDARBURG

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – RECREATION FUND For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Public charges for services	\$ 82,950	\$ 82,950	\$ 83,186	\$ 236
Miscellaneous	-	-	277,275	277,275
Total Revenues	82,950	82,950	360,461	277,511
EXPENDITURES				
Current:				
Culture, recreation and education	55,787	55,787	61,892	(6,105)
Capital Outlay	17,450	17,450	17,439	11
Total Expenditures	73,237	73,237	79,331	(6,094)
Excess of revenues over expenditures	9,713	9,713	281,130	271,417
OTHER FINANCING SOURCES (USES)				
Transfers in	8,235	8,235	13,194	4,959
Transfers out	(16,843)	(16,843)	-	16,843
Total Other Financing Sources (Uses)	(8,608)	(8,608)	13,194	21,802
Net Change in Fund Balance	\$ 1,105	\$ 1,105	294,324	\$ 293,219
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			\$ 294,324	

TOWN OF CEDARBURG

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 1,500	\$ 1,500
Public charges for services	18,950	18,950	45,480	26,530
Investment income	767	767	810	43
Total Revenues	<u>19,717</u>	<u>19,717</u>	<u>47,790</u>	<u>28,073</u>
EXPENDITURES				
Current:				
General Government	50,000	50,000	35,482	14,518
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>35,482</u>	<u>14,518</u>
Excess (deficiency) of revenues over expenditures	<u>(30,283)</u>	<u>(30,283)</u>	<u>12,308</u>	<u>42,591</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	38,843	38,843	38,843	-
Transfers out	(40,000)	(40,000)	-	40,000
Total Other Financing Sources (Uses)	<u>(1,157)</u>	<u>(1,157)</u>	<u>38,843</u>	<u>40,000</u>
Net Change in Fund Balance	<u>\$ (31,440)</u>	<u>\$ (31,440)</u>	<u>51,151</u>	<u>\$ 82,591</u>
FUND BALANCE - Beginning of Year			<u>739,962</u>	
FUND BALANCE - END OF YEAR			<u>\$ 791,113</u>	

TOWN OF CEDARBURG

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2014

BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

The budgeted amounts presented include any amendments made. The town may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds action.