

VILLAGE OF SUMMIT
Summit, Wisconsin

**Basic Financial Statements
And Additional Information**

Year Ended December 31, 2013

VILLAGE OF SUMMIT
Summit, Wisconsin

Year Ended December 31, 2013

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Independent Auditor's Report

To the Village Board
Village of Summit
Summit, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Summit, Wisconsin ("Village"), as of and for the year ended December 31, 2013, which collectively comprise the Village'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

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 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 Village'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 Village'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Summit, Wisconsin, as of December 31, 2013, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 12 and 49 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Summit's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Change in Accounting Principles

As discussed in Note 1E to the financial statements, in 2013 the Village adopted new accounting guidance, GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

March 11, 2014
Milwaukee, Wisconsin

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2013

(UNAUDITED)

As management of the Village of Summit, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Village's year ended December 31, 2013. The Village of Summit was incorporated by the State of Wisconsin from the remaining Town of Summit on July 29, 2010. The Town implemented the provisions of Governmental Accounting Standards Board Statement 34 effective for the Town on January 1, 2005. The Village of Summit has continued these standards and continued to implement additional GASB as recommended by the Village Audit firm.

Financial Highlights

The assets of the Village of Summit exceeded its liabilities at the close of the most recent fiscal year by \$9,831,229, an increase of \$486,000 from 2012. This increase came in part by the dissolution of the Summit Fire District and liquidation of its assets, refinancing of the Summit Utility District #2 debt, and an Amended Final Special Assessment Resolution in Summit Utility District #2.

The Village of Summit includes GASB 54 fund balance reporting descriptions as part of the Financial Statements. This information provides a clearer fund balance classification that can be more consistently applied. This reporting policy uses fund balance classifications in a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in government funds. The categories include Non-spendable, Restricted, Committed, Assigned and Unassigned. Page 32 of the Notes to Financial Statements further describes these classifications.

As of the close of the current fiscal year, Summit's Governmental Funds reported ending fund balances of \$2,432,234, an increase of \$237,744. This increase came from sales of excess fire district equipment (\$187,843) and a shift in the capital expense financing policy of the Village Board that reduced annual expenses in 2013. Of the \$2,432,234 ending fund balance, approximately 82% of this total amount (or \$1,984,962) represents monies available for spending at the government's discretion (Unassigned, Assigned or Committed Funds). At year-end, management had committed \$1,283,035 from these monies for specific purposes.

At the end of the current fiscal year the Unassigned fund balance for the general fund was \$702,267, or 22.9% of total general fund expenditures. The Village's total debt increased by \$28,765 during the current fiscal year. The increase in debt results from the borrowing necessary to fulfill the 2013 Capital Improvement Plan.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Summit's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves. The Village also contracts with the auditor to complete more detailed annual audits of two Enterprise Funds – Summit Utility District #2 and Silver Lake Utility District. These audits are filed annually with the Utility Commission and Village Board.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Summit's finances, in a manner similar to a private-sector business.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2013

Overview of the Financial Statements (continued)

The *statement of net position* presents information on all of the Village of Summit's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position for the Village. Since 2007, the total assets for the community have increased by \$243,532, to \$24,886,736. This value exists in spite of ongoing depreciation of the Village's utility system infrastructure and the loss of two square miles of developed territory to the City of Oconomowoc through attachments in 2010. The net position of the Village has increased from \$6,177,047 in 2007 to \$9,831,229 at the end of 2013.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave or sick leave).

Both of the government-wide financial statements distinguish functions of the Village of Summit that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Summit include general government, public safety, public works, leisure activities, health and human services. Beginning in 2012 the Village also provided stormwater and flood hazard mitigation activities in the Genesee Lakes Utility District. The business-type activities of the Village include Silver Lake Utility District and Summit Utility District #2, wherein the Village provides District administrative, billing, and limited property maintenance services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Summit, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and enterprise funds. Within each of these classes there are also identified major and non-major funds. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. 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
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2013

Overview of the Financial Statements (continued)

fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Summit maintains one major governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation and listed as non-major governmental funds. These six funds include the Debt Service, Land Acquisition and Public Improvements, Impact Fees, Genesee Lakes Utility District, Summit Utility District #3 and Cemetery Funds. Individual fund data for each of these non-major government funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Summit adopts an annual appropriated budget for the entire general fund and various other funds as required by state statute. A budgetary comparison statement has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village of Summit maintains two proprietary funds. The proprietary fund financial statements provide separate information for the Silver Lake Utility District and Summit Utility District #2, which are considered to be major *enterprise funds* of the Village of Summit.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Summit's own programs. The Village maintains a Tax Roll Fund for this purpose. The accounting used for fiduciary funds is much like that used for governmental funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-46 of this report.

Supplementary information

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 48 and 49 of this report.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2013

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Summit, assets exceeded liabilities by \$9,831,229 at the close of the most current fiscal year, as presented in the following table. This is an increase of \$3,654,182 since December 31, 2007 and reflects a commitment on the part of the Village to reduce the long-term liabilities.

This reduction in long-term liabilities occurred during a time of tremendous change in the community. In 2007 the Town of Summit had just completed the installation of the Silver Lake sanitary sewer system. In 2009 the Town of Summit completed boundary agreements with seven of the nine adjacent communities. In 2010 the Town was approved by the State of Wisconsin for incorporation into the Village of Summit – losing over two square miles of developed territory and valuation. In 2012 the Village Board adopted and began to implement a rolling five-year Capital Improvement Plan. In 2013 the Summit Utility District #2 completed a major refinancing for their long-term debt structure, partially financed by the Village of Summit.

Village of Summit Net Position
December 31, 2013 and December 31, 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$4,666,830	\$ 4,288,548	\$ 3,494,455	\$ 4,757,258	\$ 8,161,285	\$ 9,045,806
Capital assets	4,289,010	4,202,157	12,436,441	12,730,037	16,725,451	16,932,194
Total assets	\$8,955,840	\$8,490,705	\$15,930,896	\$17,487,295	\$ 24,886,736	\$25,978,000
Current and other liabilities	\$347,322	\$ 304,862	\$ 1,127,643	\$ 1,390,522	\$ 1,474,965	\$ 1,695,384
Long-term liabilities	601,561	570,705	9,570,000	9,718,331	10,171,561	10,289,036
Total liabilities	\$948,883	\$875,567	\$10,697,643	\$11,108,853	\$11,646,526	\$11,984,420
Deferred inflows	\$1,966,339	\$1,926,839	\$1,442,642	\$2,769,154	\$3,408,981	\$4,695,993
Net position:						
Net investment in capital assets	\$3,946,513	\$ 3,870,729	\$ 1,863,777	\$ 2,407,326	\$ 5,810,290	\$ 6,278,055
Restricted	429,184	411,909	919,032	500,387	1,348,216	912,296
Unrestricted	1,664,921	1,452,986	1,007,802	701,575	2,672,723	2,154,561
Total net position	\$6,040,618	\$5,735,624	\$ 3,790,611	\$ 3,609,288	\$ 9,831,229	\$ 9,344,912

The Village of Summit uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2013

Government-Wide Financial Analysis (continued)

Governmental activities

Governmental activities increased the Village of Summit's net position by \$304,994. Major reasons for this change are noted below:

Village of Summit's Changes in Net Position
For the Years ending December 31, 2013 and December 31, 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for services	\$ 1,088,524	\$ 1,007,629	\$ 700,605	\$ 664,884	\$ 1,789,129	\$ 1,672,513
Operating grants and contributions	207,773	193,916	---	---	207,773	193,916
Capital grants and contributions	---	12,000	902,985	28,973	902,985	40,973
General Revenues:						
Property taxes	1,379,421	1,378,370	362,762	362,724	1,742,183	1,741,094
Taxes levied for debt service	92,378	121,675	---	---	92,378	121,675
Other taxes	170,989	23,790	---	---	170,989	23,790
Intergovernmental	139,097	142,265	---	---	139,097	142,265
Investment income	8,204	16,713	9,199	5,479	17,403	22,192
Loss on disposal of assets	(8,667)	(9,954)	---	---	(8,667)	(9,954)
Miscellaneous	196,379	44,379	---	11,977	196,379	56,356
Total revenues	<u>3,274,098</u>	<u>2,930,783</u>	<u>1,975,551</u>	<u>1,074,037</u>	<u>5,249,649</u>	<u>4,004,820</u>
Expenses:						
General government	650,491	560,423	---	---	650,491	560,423
Public safety	1,353,102	1,316,209	---	---	1,353,102	1,316,209
Public works	847,953	990,942	---	---	847,953	990,942
Culture, education and recreation	59,095	28,286	---	---	59,095	28,286
Health and human services	48,677	31,290	---	---	48,677	31,290
Interest and fiscal charges	9,786	11,082	---	---	9,786	11,082
Utility Districts	---	---	1,714,927	1,138,804	1,714,927	1,138,804
Total expenses	<u>2,969,104</u>	<u>2,938,232</u>	<u>1,714,927</u>	<u>1,138,804</u>	<u>4,684,031</u>	<u>4,077,036</u>
Change in net position	304,994	(7,449)	260,624	(64,767)	565,618	(72,216)
Net Position – Jan. 1	5,735,624	5,775,972	3,609,288	3,674,055	9,344,912	9,450,027
Prior Period Adjustment	---	(32,899)	(79,301)	---	(79,301)	---
Net Position – Dec. 31	<u>\$ 6,040,618</u>	<u>\$ 5,735,624</u>	<u>\$ 3,790,611</u>	<u>\$ 3,609,288</u>	<u>\$ 9,831,229</u>	<u>\$ 9,344,912</u>

Village of Summit, Waukesha County, Wisconsin Management's Discussion and Analysis December 31, 2013

Government-Wide Financial Analysis (continued)

Business-type activities

Business-type activities reversed an ongoing decline of the Village of Summit's net position during 2013 with an increase of \$260,624 in the change in net position. The Summit Utility District #2 functions to collect and transport sanitary sewage to the Del-Hart Treatment Plant in the City of Delafield. The operating revenue for Summit Utility District #2 during the current fiscal year was \$566,838, generated by monthly charges for treatment. This is an increase of \$30,906 from 2012 and \$106,177 more than collected in 2007. Operating expenses for the current fiscal year decreased by \$13,229 to \$538,038. The depreciation of the utility assets cost the District \$239,096, an amount nearly identical to the past six years. Including these depreciation costs results in positive cash flow of \$28,800 compared to a loss of \$15,335 in 2012.

The District continues to suffer from net non-operating revenue losses from the various interest expenses. The 2013 amount is expansive due to the refinancing of long-term notes, a loss of \$637,340; however, the refinancing, amended special assessment resolution and modified quarterly charges gained a positive change in net position for the Summit Utility District #2 of \$227,138. This change brings a more stable long-term Net Position, returning the District to the December 31, 2010 levels.

The Silver Lake Utility District contracted with the City of Oconomowoc in 2005 for the installation of sanitary sewer through the entire District. This work was completed on January 6, 2006 and continues to be operated by the City of Oconomowoc. As such, all operating revenue goes directly for treatment charges. Expenses for the District included administrative costs totaling \$28,799 during the current fiscal year, a reduction of \$3,200. In November, 2011 the Silver Lake Utility Commission adopted a 10-year Financial Management Plan. This Plan included an increase in the annual tax levy to off-set ongoing deterioration in the non-operating revenues. Readers can see that the 2013 net non-operating revenues now show a positive income value of \$33,234. The Net Position in the Silver Lake Utility District at the end of 2013 total a healthy \$1,559,388.

Financial Analysis of the Government's Funds

Summit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds

The focus of the Summit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the community's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village of Summit's governmental funds reported combined ending fund balances of \$2,432,234, an increase of \$237,744 in comparison with the prior year and \$396,150 more than when the Village incorporated in 2010.

Of the \$2,432,234 ending fund balance, approximately 28.9% of this total amount (\$701,927) constitutes *Unassigned monies* available for spending at the government's discretion. The Village Board has \$38,854 in a fund committed for retiree health insurance premiums and another \$1,244,181 for Facility Improvements. \$18,088 of prepaid expenses represents non-spendable fund balance. The Village Board has restricted the remainder of the fund balance for work or continuing care in the Summit Cemetery (\$283,478), 2) for a variety of other parkland acquisition and development uses (\$3,040), 3) for Genesee Lakes Utility District (\$21,556), or 4) for payments as allowed by Wisconsin Statutes in the Summit Police Department or Summit Park and Recreation Department (Impact Fees of \$121,110). The Impact Fee balance will be reduced \$31,464 during 2014 with the reimbursement of monies to the property owners in Summit Fire District lands that paid the fee between 2006 and 2012 when the District dissolved. Fees were collected for the District but never used.

Village of Summit, Waukesha County, Wisconsin Management's Discussion and Analysis December 31, 2013

Financial Analysis of the Government's Funds

Proprietary funds

The Village of Summit's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

User charge rates for Summit Utility District #2 have been charged since completion of the system in 2002. All of the developed properties in the district are connected and served as of December 31, 2007. The 2004 and 2008 District audits identified on-going concerns over the long-term financing of the District. After incorporation, the Summit Village Board and District Commissioners completed a financial plan in November, 2011 that extends through 2027. The Commission cited this plan as the basis for increased quarterly charges and tax levy in 2013. The Commission completed a refinancing of the District's long-term debt in May of 2012. The Commission also adopted an amended Final Special Assessment Resolution on January 3, 2013. The Commission continues to use the 2011 Plan and updates this information on an annual basis. Copies of this Plan are available on the Village's website or from the Village Administrator.

The Silver Lake Utility District completed installation of the sanitary sewer on January 6, 2006. All of the developed properties are connected and served as of December 31, 2011. The District Commissioners completed a financial analysis in the spring of 2006 and refinanced the project into a 10-year general obligation note in September, 2006. Overall, the District finances are secure. This District was also part of the 2011 Financial Management Plan for the Village. Based on this Plan the commission adopted a single change in the annual tax assessment to stabilize the long-term funding of this District. Copies of this financial management plan are available on the Village's website or from the Village Administrator.

Capital Asset and Debt Administration

Capital Assets

The Village of Summit inherited all of the assets and liabilities of the Town of Summit when incorporation was approved by the State of Wisconsin on July 29, 2010. This inheritance included all of the Town's prior investment in capital assets for its governmental and business-type activities. As of December 31, 2013, these investments amount to \$16,725,451, a decrease of \$206,743 (net of accumulated depreciation). The governmental-type investment in capital assets includes land, land improvements, buildings, machinery and equipment and street infrastructure. Major capital asset changes during the current fiscal year include the purchase of two police squads. The Village's governmental activities capital assets, net of depreciation total \$4,289,010, \$86,853 more than December 31, 2012.

The business-type investment in capital assets includes land, land improvements, buildings, machinery and equipment and sanitary sewer infrastructure. The Village's business activities capital assets, net of depreciation totals \$12,436,441, this is \$293,597 less than December 31, 2012. The entire change results from depreciation of capital assets.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2013

Capital Asset and Debt Administration

Village of Summit - Capital Assets (net of accumulated depreciation)

December 31, 2013 and 2012

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land (not being depreciated)	\$ 1,076,620	\$ 1,076,620	\$ 92,861	\$ 92,861	\$ 1,169,481	\$ 1,169,481
Construction in Progress	---	---	---	---	---	---
Buildings	53,629	42,310	1,530,738	1,570,498	1,584,367	1,612,808
Vehicles and Equipment	549,171	471,719	567,832	609,235	1,117,003	1,080,954
Infrastructure	2,609,590	2,611,508	---	---	2,609,590	2,611,508
Sewer system and services	---	---	8,446,489	8,604,422	8,446,489	8,604,422
Investment in City of Oconomowoc treatment plant	---	---	<u>1,798,521</u>	<u>1,853,021</u>	<u>1,798,521</u>	<u>1,853,021</u>
Total	<u>\$ 4,289,010</u>	<u>\$ 4,202,157</u>	<u>\$ 12,436,441</u>	<u>\$ 12,730,037</u>	<u>\$ 16,725,451</u>	<u>\$ 16,932,194</u>

Additional information on the Village's capital assets can be found in Note 3(E).

Additional information on the Village's capital assets for Business-Type Activities can be found in the separate Financial Statements for the Summit Utility District #2 and Silver Lake Utility District, Note 5 of each report.

Long-term debt

At the end of the current fiscal year, the Village of Summit had total debt outstanding of \$11,092,900. Of this amount, \$10,818,170 comprises debt backed by the full faith and credit of the government. The remainder of the Village's governmental activities debt (\$274,730) represents accumulated sick pay benefits. The Village Board voted in November, 2013, to convert to a Paid-Time-Off policy for non-represented employees. This policy change also froze the growth in vested compensated absences for these employees and placed the future hourly benefit into an annual obligation. The Board will be negotiating this issue with the Police Association as part of the next contract. Beyond this, the Summit Utility District #2 Commission paid the Clean Water Fund borrowing in May, 2013 and removed revenue bonding from their obligations.

The Village's total debt increased by \$28,765 during the current fiscal year. The increase in debt results from the borrowing necessary to fulfill the 2013 Capital Improvement Plan.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village of Summit is \$45,574,365 which is significantly in excess of the Village's outstanding general obligation debt. The Village's current debt includes approximately 23.74% of the overall statutory amount available.

Additional information on the Village of Summit's long-term debt can be found in note 3(F).

Village of Summit, Waukesha County, Wisconsin Management's Discussion and Analysis December 31, 2013

Economic Factors and Other Budget Notes

The Village of Summit addressed the change in fire service providers in 2013. On December 31, 2012 the Summit Fire District dissolved and the entire Village of Summit became part of the Dousman Fire District. An ownership agreement with the adjacent Village of Dousman and Town of Ottawa addressed financing, ownership and governance issues in this District. The assets of the Summit Fire District were transferred to the Village of Summit and the Dousman Fire District acquired most of the apparatus and equipment. The remaining apparatus and equipment was sold and the income is shown on page 17 of this audit. The Village of Summit continued to provide police services to the Village of Dousman during 2013.

Currently the Village's equalized value has been determined by the State of Wisconsin at \$911,487,300, a market decline of about \$27 million. Combined with 2011 and 2012, this change reduces the Village's valuation by over \$75 million. The Village has contracted with Grota Appraisals to complete on-going annual re-assessments in 2014 and 2015.

The Village of Summit tax rate for 2013 was \$1.6544 per \$1,000 of assessed value (mil rate). The Village will continue to maintain a low property tax without cutting essential services by keeping administrative costs down and controlling unnecessary expenditures. The 2012 budgeted tax levy increased by \$24,413.

The Village has a full time Village Clerk, Village Treasurer/Deputy Clerk and Village Administrator. While the Administrator is the Chief Financial Officer of the Village and is required to monitor revenues and control expenses to prevent exceeding the various departments' expenditures established by the budget, the Clerk insures proper capital funding for the future and that the Village's capital investments are protected and future maintenance and replacement cost are minimized. Also, the Village Board reviewed and updated the 2012 Financial Management Plan to provide for funds that will adequately meet both current and future debt service needs.

As part of the 2011 financial planning the Village Board and staff developed a 5-year Capital Improvement Plan. During 2013 the Board and staff updated this Plan for 2014-2018, including possible expenditures for utility district sewer repairs, park improvements, road repairs and upgrades, vehicle and equipment replacement, office furnishings and planning for Village Hall replacement. The Village Board used this tool as part of the 2014 budgeting process to determine both funding sources and expenditures. The Village's 2014 adopted budget was approved November 12, 2013 following a public hearing that same evening.

The Police Department experienced significant turnover during 2013 with the retirement of Chief James Race and resignation of Lieutenant Jeffrey Zachow. Chief Michael Hartert began service with the Village on December 1, 2013 and the Lieutenant position remained unfilled at year-end. The Village's full-time police officers are organized and affiliated with the Wisconsin Professional Police Association. The Village's contract with the Association expires on December 31, 2014. Within this contract, the Village agreed to wage increases in each year. The police association offset these wage increases by agreeing to contribute additional monies to their health insurance premiums and State pension system. The Village continued participation in the State of Wisconsin Health Insurance program in an effort to diminish the increases in premium expenses.

The Village continues to maintain the road system by seal-coating and crack-filling on an annual basis. In 2013 the Village devoted \$66,879 to this activity for resurfacing roadways in the Field and Davis plat northeast of CTH P and CTH DR. The Village also completed reconstruction of Cedar Lane and Utica Road at a cost of \$49,911. The Village's paving schedule is based on the State of Wisconsin PASER road rating system.

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2013

Requests for Information

This financial report is designed to provide a general overview of the Village of Summit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Henry Elling
Village Administrator
2911 North Dousman Road
Oconomowoc, Wisconsin 53066

(262) 567-2757
ellingh@summittown.org

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
December 31, 2013

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets:			
Cash and investments	\$ 3,609,404	\$ 695,870	\$ 4,305,274
Taxes receivable	994,065	576,094	1,570,159
Accounts receivable	39,478	168,452	207,930
Internal balances	5,795	(5,795)	---
Prepaid expenses	18,088	---	18,088
Restricted Assets:			
Special assessments receivable	---	1,998,112	1,998,112
Connection charges receivable	---	61,722	61,722
Capital Assets:			
Land and construction in progress	1,076,620	92,861	1,169,481
Other capital assets, net of accumulated depreciation	3,212,390	12,343,580	15,555,970
Total assets	8,955,840	15,930,896	24,886,736
Liabilities:			
Accounts payable	235,292	175,516	410,808
Accrued wages and benefits	32,965	---	32,965
Accrued interest	7,726	40,405	48,131
Liabilities payable from restricted assets:			
Connection charges payable	---	61,722	61,722
Accrued compensated absences - sick	274,730	---	274,730
Bonds and notes - due within one year	71,339	850,000	921,339
Bonds and notes - due in more than one year	326,831	9,570,000	9,896,831
Total liabilities	948,883	10,697,643	11,646,526
Deferred Inflows of Resources:			
Special assessment revenue	---	927,215	927,215
Tax roll revenue	1,966,339	362,763	2,329,102
Unamortized debt premium	---	152,664	152,664
	1,966,339	1,442,642	3,408,981
Net Position:			
Net investment in capital assets	3,946,513	1,863,777	5,810,290
Restricted for:			
Other	429,184	919,032	1,348,216
Unrestricted	1,664,921	1,007,802	2,672,723
Total net position	\$ 6,040,618	\$ 3,790,611	\$ 9,831,229

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Activities
For the Year Ended December 31, 2013

Activities:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 650,491	\$ 108,523	\$ 22,892	\$ ---	\$ (519,076)	\$ ---	\$ (519,076)
Public safety	1,353,102	463,416	34,500	---	(855,186)	---	(855,186)
Public works	847,953	435,462	148,103	---	(264,388)	---	(264,388)
Health and human services	48,677	20,050	2,278	---	(26,349)	---	(26,349)
Culture, education and recreation	59,095	61,073	---	---	1,978	---	1,978
Interest and fiscal charges	9,786	---	---	---	(9,786)	---	(9,786)
Total governmental activities	<u>2,969,104</u>	<u>1,088,524</u>	<u>207,773</u>	<u>---</u>	<u>(1,672,807)</u>	<u>---</u>	<u>(1,672,807)</u>
Business-type:							
Silver Lake Utility District	181,564	133,767	---	30,050	---	(17,747)	(17,747)
Summit Utility District No. 2	1,533,363	566,838	---	872,935	---	(93,590)	(93,590)
Total business-type activities	<u>1,714,927</u>	<u>700,605</u>	<u>---</u>	<u>902,985</u>	<u>---</u>	<u>(111,337)</u>	<u>(111,337)</u>
Total Primary Government	<u>\$ 4,684,031</u>	<u>\$ 1,789,129</u>	<u>\$ 207,773</u>	<u>\$ 902,985</u>	<u>(1,672,807)</u>	<u>(111,337)</u>	<u>(1,784,144)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,379,421	362,762	1,742,183
Property taxes, levied for debt service					92,378	---	92,378
Other taxes					170,989	---	170,989
Intergovernmental revenues not restricted to specific programs					139,097	---	139,097
Investment income					8,204	9,199	17,403
Loss on retirement of capital assets					(8,667)	---	(8,667)
Miscellaneous					8,536	---	8,536
Special item - dissolution of Summit Fire District					187,843	---	187,843
Total General Revenues					<u>1,977,801</u>	<u>371,961</u>	<u>2,349,762</u>
Change in net position					304,994	260,624	565,618
Net position - beginning					5,735,624	3,609,288	9,344,912
Prior period adjustment					---	(79,301)	(79,301)
Net position - beginning, as adjusted					<u>5,735,624</u>	<u>3,529,987</u>	<u>9,265,611</u>
Net position - ending					<u>\$ 6,040,618</u>	<u>\$ 3,790,611</u>	<u>\$ 9,831,229</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	\$ 3,037,755	\$ 571,649	\$ 3,609,404
Receivables			
Taxes	929,072	64,993	994,065
Accounts	39,478	---	39,478
Due from other funds	130,415	21,556	151,971
Prepaid expenses	18,088	---	18,088
	4,154,808	658,198	4,813,006
Total assets			
Liabilities:			
Accounts payable	235,292	---	235,292
Accrued wages and benefits	32,965	---	32,965
Due to other funds	21,556	124,620	146,176
	289,813	124,620	414,433
Total liabilities			
Deferred Inflows of Resources:			
Unearned revenues	1,861,605	104,734	1,966,339
Fund Balances (Deficit):			
Nonspendable	18,088	---	18,088
Restricted	---	429,184	429,184
Committed	1,283,035	---	1,283,035
Unassigned	702,267	(340)	701,927
	2,003,390	428,844	2,432,234
Total fund balance			
	\$ 2,003,390	\$ 428,844	\$ 2,432,234

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

December 31, 2013

Total fund balance of governmental funds		\$	2,432,234
Amounts reported for governmental activities in the government-wide statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.			
Land and construction in progress	\$	1,076,620	
Other capital assets net of accumulated depreciation		<u>3,212,390</u>	
			4,289,010
The following long-term liabilities which are not due and payable in the current period are not reported in the fund financial statements.			
Bonds and notes payable		(398,170)	
Compensated absences payable - sick pay		(274,730)	
Accrued interest payable on long-term bonds and notes		<u>(7,726)</u>	
			<u>(680,626)</u>
Total net position of governmental activities		\$	<u><u>6,040,618</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2013

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 1,526,060	\$ 116,728	\$ 1,642,788
Operating grants and contributions:			
Intergovernmental	321,700	---	321,700
Other	22,892	2,278	25,170
Licenses and permits	156,244	---	156,244
Fines, forfeitures and penalties	58,164	---	58,164
Public charges for services	469,841	28,433	498,274
Intergovernmental charges for services	375,842	---	375,842
Investment income	5,218	2,986	8,204
Other revenues	8,536	---	8,536
Total revenues	2,944,497	150,425	3,094,922
Expenditures:			
Current:			
General government	611,161	---	611,161
Public safety	1,380,292	---	1,380,292
Public works	767,837	20,300	788,137
Health and human services	31,131	17,546	48,677
Culture, recreation and education	50,828	---	50,828
Capital outlay	229,494	---	229,494
Debt service:			
Principal	---	83,258	83,258
Interest and fiscal charges	---	9,120	9,120
Total expenditures	3,070,743	130,224	3,200,967
Excess (deficit) of revenues over (under) expenditures	(126,246)	20,201	(106,045)
Other Financing Sources (Uses):			
Bonds and notes issued	150,000	---	150,000
Proceeds from sale of capital assets	5,946	---	5,946
Transfers in	2,926	---	2,926
Transfers out	---	(2,926)	(2,926)
Total other financing sources (uses)	158,872	(2,926)	155,946
Special Item:			
Dissolution of Summit Fire District	187,843	---	187,843
Net change in fund balance	220,469	17,275	237,744
Fund Balance, beginning of year	1,782,921	411,569	2,194,490
Fund Balance, end of year	\$ 2,003,390	\$ 428,844	\$ 2,432,234

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities**
Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$	237,744
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. In the government-wide statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation.</p>		
Governmental capital outlay in the fund financial statements	\$	229,494
Depreciation expense in government-wide financial statements		<u>(128,029)</u>
		101,465
<p>In the statement of activities, the net gain or loss on the sale or retirement of capital assets is reported. However, in the governmental funds, only the proceeds from the sale of capital assets provides a current financial resource to be reported. Therefore, the change in fund balance differs from the change in net assets by the cost of the assets sold or retired net of the accumulated depreciation on those assets.</p>		
		(14,612)
<p>Governmental funds report proceeds from the issuance of long-term debt as other financing sources, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net assets.</p>		
Proceeds from the issuance of debt in governmental fund financial statements		(150,000)
Principal payments on debt in governmental fund financial statements		83,258
<p>Interest on long-term debt in the governmental funds is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest costs are reported as they accrue, regardless of when they are due.</p>		
This is the amount by which the current accrual exceeds the prior year accrual.		(666)
<p>Certain expenses do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. These expenses are accrued in the government-wide statement of net assets and reported as expenses in the statement of activities.</p>		
Decrease in accrued compenstated absences - sick pay		<u>47,805</u>
Net change in net position	\$	<u><u>304,994</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
Proprietary Funds
December 31, 2013

	Business-Type Activities - Enterprise Funds		Total
	Summit Utility District No. 2	Silver Lake Utility District	
Assets:			
Current Assets:			
Cash and investments	\$ 439,762	\$ 256,108	\$ 695,870
Receivables:			
Customer	137,931	30,521	168,452
Taxes	339,530	50,000	389,530
Special charges on the tax roll	93,025	93,539	186,564
Total current assets	<u>1,010,248</u>	<u>430,168</u>	<u>1,440,416</u>
Non-Current Assets:			
Restricted assets:			
Special assessments receivable	1,570,737	427,375	1,998,112
Connection charges receivable	---	61,722	61,722
Capital assets:			
Land	92,861	---	92,861
Capital assets being depreciated	13,290,953	2,180,025	15,470,978
Accumulated depreciation	(2,745,894)	(381,504)	(3,127,398)
Total non-current assets	<u>12,208,657</u>	<u>2,287,618</u>	<u>14,496,275</u>
Total assets	13,218,905	2,717,786	15,936,691
Liabilities:			
Current Liabilities:			
Accounts payable	16,237	7,414	23,651
Accrued interest	32,728	7,677	40,405
Due to other funds	3,670	2,125	5,795
Connection charges payable	---	61,722	61,722
Current portion of general obligation debt	605,000	245,000	850,000
Total current liabilities	<u>657,635</u>	<u>323,938</u>	<u>981,573</u>
Non-Current Liabilities:			
General obligation debt	9,055,000	515,000	9,570,000
Due to other utilities	151,865	---	151,865
Total non-current liabilities	<u>9,206,865</u>	<u>515,000</u>	<u>9,721,865</u>
Total liabilities	9,864,500	838,938	10,703,438
Deferred inflows of resources:			
Special assessment revenue	657,755	269,460	927,215
Tax roll revenue	312,763	50,000	362,763
Unamortized debt premium	152,664	---	152,664
Total deferred inflows of resources	<u>1,123,182</u>	<u>319,460</u>	<u>1,442,642</u>
Net Position:			
Net investment in capital assets	825,256	1,038,521	1,863,777
Restricted for:			
Other	761,117	157,915	919,032
Unrestricted	644,850	362,952	1,007,802
Total net position	<u>\$ 2,231,223</u>	<u>\$ 1,559,388</u>	<u>\$ 3,790,611</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended December 31, 2013

	Business-Type Activities - Enterprise Funds		Total
	Summit Utility District No. 2	Silver Lake Utility District	
Operating Revenues	\$ 566,838	\$ 133,767	\$ 700,605
Operating Expenses			
Operation and maintenance	208,089	65,186	273,275
Administrative and general	90,853	28,799	119,652
Depreciation	239,096	---	239,096
Amortization	---	54,500	54,500
Total operating expenses	<u>538,038</u>	<u>148,485</u>	<u>686,523</u>
Operating Income (Loss)	28,800	(14,718)	14,082
Non-Operating Revenues (Expenses)			
Taxes	312,762	50,000	362,762
Investment income	7,966	1,233	9,199
Interest on special assessments	8,457	15,080	23,537
Interest expense	(995,325)	(33,079)	(1,028,404)
Total non-operating revenues (expenses)	<u>(666,140)</u>	<u>33,234</u>	<u>(632,906)</u>
Income (loss) before Contributions	(637,340)	18,516	(618,824)
Capital Contributions	<u>864,478</u>	<u>14,970</u>	<u>879,448</u>
Change in Net Position	227,138	33,486	260,624
Net Position - Beginning of year	2,085,471	1,523,817	3,609,288
Prior period adjustment	<u>(81,386)</u>	<u>2,085</u>	<u>(79,301)</u>
Net Assets - Beginning of year, as adjusted	<u>2,004,085</u>	<u>1,525,902</u>	<u>3,529,987</u>
Net Position - End of year	<u>\$ 2,231,223</u>	<u>\$ 1,559,388</u>	<u>\$ 3,790,611</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2013

**Business-Type Activities -
Enterprise Funds**

	<u>Summit Utility District No. 2</u>	<u>Silver Lake Utility District</u>	<u>Total</u>
Cash Flows From Operating Activities:			
Receipts from customers	\$ 563,362	\$ 130,075	\$ 693,437
Payments to suppliers	(642,842)	(90,254)	(733,096)
Internal activity - receipts from other funds	54	---	54
Net cash provided (used) by operating activities	<u>(79,426)</u>	<u>39,821</u>	<u>(39,605)</u>
Cash Flows From Noncapital Financing Activities			
Taxes received	312,762	50,000	362,762
Cash Flows From Capital and Related Financing Activities:			
Special assessments received	370,473	113,953	484,426
Debt retired	392,492	(230,000)	162,492
Interest paid	(1,063,505)	(35,450)	(1,098,955)
Net cash used by capital and related financing activities	<u>(300,540)</u>	<u>(151,497)</u>	<u>(452,037)</u>
Cash Flows From Investing Activities:			
Investment earnings	16,423	18,253	34,676
Net change in cash and equivalents	<u>(50,781)</u>	<u>(43,423)</u>	<u>(94,204)</u>
Cash and equivalents, beginning of year	<u>490,543</u>	<u>299,531</u>	<u>790,074</u>
Cash and equivalents, end of year	<u>\$ 439,762</u>	<u>\$ 256,108</u>	<u>\$ 695,870</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided(Used) by Operating Activities:			
Operating Income (Loss)	\$ 28,800	\$ (14,718)	\$ 14,082
Noncash items in operating loss:			
Depreciation	239,096	---	239,096
Amortization	---	54,500	54,500
Changes in assets and liabilities:			
Customer accounts receivable	(5,075)	(3,693)	(8,768)
Due from municipality	1,599	---	1,599
Accounts payable	16,237	3,700	19,937
Due from (to) other funds	54	31	85
Due to other utilities	(360,137)	---	(360,137)
Net cash flows provided (used) by operating activities	<u>\$ (79,426)</u>	<u>\$ 39,821</u>	<u>\$ (39,605)</u>
Reconciliation of Cash and Equivalents to the Statement of Net Position Accounts			
Unrestricted - current	<u>\$ 439,762</u>	<u>\$ 256,108</u>	<u>\$ 695,870</u>
Noncash Capital Activities:			
Special assessments assessed	<u>\$ 864,478</u>	<u>\$ ---</u>	<u>\$ 864,478</u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT

Summit, Wisconsin

Statement of Net Position - Fiduciary (Agency) Fund

December 31, 2013

		Tax Roll Fund
Assets:		
Cash and investments	\$	7,151,887
Taxes receivable		<u>7,124,200</u>
Total assets	\$	<u><u>14,276,087</u></u>
Liabilities:		
Due to other governmental units	\$	<u><u>14,276,087</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

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December 31, 2013

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VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Summit, 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. Financial Reporting Entity

This report includes all of the funds of the Village of Summit ("Village"). The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

The Village has included in its financial statements the following entities, which are not considered separate entities with corporate powers:

Community Development Authority

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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village 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

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

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- 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.
- In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

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

The Village reports the following major funds:

Major Governmental Fund

- General Fund - The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial transactions except those legally or administratively required to be accounted for in another fund.

Major Enterprise Funds

- Silver Lake Utility District Fund – This Fund accounts for operations of the sanitary sewer system.
- Summit Utility District No. 2 Fund – This Fund accounts for operations of the sanitary sewer system.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

The Village reports the following non-major funds:

- Debt Service Fund – accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).
- Special Revenue Funds – are used to account for revenues requiring separate accounting because of legal or regulatory provisions, and consist of the following individual funds:

Land Acquisition and Public Improvements Fund
Impact Fees Funds
Genesee Lakes Utility District Fund
Summit Utility District #3 Fund

- Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Cemetery Fund

In addition, the Village reports the following fund types:

Agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Roll Fund

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 expense are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or 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 revenue. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

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 Village 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 the expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. 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 Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to meeting eligibility requirements are recorded as unearned revenue.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held by the county are reported as receivable and deferred revenue.

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.

The Village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Village has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when a Village has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds allow the accrual basis of accounting, and do not have a measurement focus.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

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

Fund Financial Statements (continued)

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

D. Assets, Liabilities, and Net Position or Fund Balance

Cash and Investments

For the purpose of the statement of net position and for the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment in Village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less
- 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, or by the University of Wisconsin Hospitals and Clinics Authority
- Bonds or securities issued or guaranteed by the federal government
- The Local Government Investment Pool
- Any security maturing in seven years or less and having the highest or second highest rating category of nationally recognized rating agency
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Position or Fund Balance (continued)

Cash and Investments (continued)

The Village may deposit funds in authorized banks, the Wisconsin Local Government Investment Pool and Wisconsin Investment Trust without restriction of amounts. The Village may deposit funds in savings and loan associations and credit unions up to \$500,000. Deposits in authorized banks may be limited to \$500,000 upon the determination of the Investment Officer of the Village that circumstances exist regarding the viability of the bank.

The Village's investment policy does not address other types of risks.

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 to the general fund. The difference between the bank statement and carrying value is due to outstanding checks and/or deposits in transit.

Receivables

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other taxing units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Property Tax Calendar – 2013 Tax Roll:

Lien and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	July 31, 2014
Personal property taxes due in full	January 31, 2014
Tax sale by County - 2013 delinquent real estate taxes	October 2016

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 enterprise funds 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.

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

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.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of five years. All capital assets are valued at historical cost or estimated historical costs if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the Village to retroactively report all major general infrastructure assets. As of December 31, 2013, the Village has not retroactively reported all infrastructure acquired by its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	40 years
Machinery and Equipment	7 - 20 years
Infrastructure	50 - 65 years
Utility System	5 - 80 years
Investment in City of Oconomowoc treatment plant	40 years

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets acquired in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund. Fixed assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

Compensated Absences

The Village does not accrue vacation or sick leave, but rather expenses these costs as paid. Vacation time is not cumulative from year to year. Accumulated sick leave benefits up to a maximum of 120 days are payable upon retirement. There are no provisions for payment of accumulated sick leave benefits if employment is terminated prior to retirement. Accumulated benefits are recorded as expenditures in the funds statements in the year used. Due to the long-term nature of the accumulated sick leave benefits, the governmental funds do not report this liability in the fund financial statements. The accumulated sick leave benefits are recorded as long-term debt in the government-wide financial statements.

Long-term Obligations and 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 and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the debt and premiums on issuance are reported as other financing sources. Discounts on issuance are reported as other financing uses. Payments of principal and interest, losses on debt refundings, as well as costs of issuance are reported as expenditures. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

For the government-wide statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable is shown as an increase or decrease in the deferred outflows of resources or deferred inflows of resources section of the statement of net position.

The Village, under the authority of the Community Development Authority, has permitted the issuance of Redevelopment Revenue Bonds ("RRB") for a privately-owned company with the Village limits. The Village has no obligation for the RRBs in the event of default by the borrowers. Accordingly, no liability for the bonds is included in the Village's financial statements. The aggregate amount of these conduit obligations outstanding as of December 31, 2013 was \$14,085,000.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position 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 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 the 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 position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Fund Balance Classifications

Fund Statements

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village's fund balance classification policies and procedures are as follows:

- a. Nonspendable – Amounts that cannot be spent because they are either not in spendable form (i.e. convertible into cash) or legally required to be maintained intact.
- b. Restricted – Either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- c. Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's Board of Trustees.
- d. Assigned – Amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed.
- e. Unassigned – The residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

Currently, the Village does not have an official policy regarding the fund balance classifications. Amounts noted as committed relate to constraints previously approved by the Board of Trustees as designated funds in prior years. Amounts noted as assigned relate to constraints currently and previously approved by either the Village Administrator or designated department heads.

The Village's current fund balance policy is to maintain a minimum unassigned fund balance of 15% of total General Fund budgeted revenues.

Proprietary fund equity is classified in the same manner as in the Government-wide statements.

E. Adoption of New Accounting Guidance

The Village implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this pronouncement had no material effect on the financial statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

1. Summary of Significant Accounting Policies (continued)

F. Deferred Outflows and Inflows of Resources

The Government Accounting Standards Board (GASB) has issued Statement No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). Under GASB 65, in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources.

The separate financial statement element, deferred inflows of resources, represents a decrease in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village had three items that qualified for reporting in this category. The deferred special assessment revenue and tax roll revenue are deferred until the special assessments or taxes are collected in future years. The unamortized debt premium is the debt premium which is deferred and amortized over the life of the debt.

G. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (March 11, 2014). There were no subsequent events that required recognition or disclosure.

2. Stewardship, Compliance, and Accountability

A. 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 1. C.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

B. Excess Expenditures Over Appropriations

<u>Department</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
General Fund:			
Public safety	\$ 1,293,550	\$ 1,380,292	\$ (86,742)
Capital outlay	---	229,494	(229,494)

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

2. Stewardship, Compliance, and Accountability (continued)

C. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At December 31, 2013, the following fund had a deficit fund balance:

Fund	Amount
Summit Utility District #3	\$ 340

The deficit will be financed through tax levies in future periods.

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

As of December 31, 2013, the Village held the following cash and investments.

	Custodial Balance	Carrying Amount
Cash and Equivalents:		
Demand deposits	\$ <u>10,665,447</u>	\$ <u>11,457,161</u>
Reconciliation to Financial Statements:		
Cash and equivalents:		
Per Statement of Net Position:		
Cash and investments		\$ 4,305,274
Per Statement of Net Position – Fiduciary (Agency) Fund		<u>7,151,887</u>
Total cash and investments		<u>\$ 11,457,161</u>

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000 per financial institution. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total coverage and other legal implications, recovery of material principal losses may be significant to individual municipalities. Accordingly, this coverage has not been included when calculating the insured amount of such deposits.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

A. Cash and Investments (continued)

Custodial Credit Risk - Cash and Investments

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it.

As of December 31, 2013, the Village's demand deposits were exposed to custodial credit risk in that \$558,674 of those balances were uninsured and uncollateralized. The amount of \$8,956,773 was collateralized with securities held by the pledging financial institution, but not in the Village's name.

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does not have any investments exposed to custodial credit risk.

B. Receivables

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

Government funds report deferred inflows 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 deferred inflows reported in the government funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ <u>1,966,339</u>
Total deferred inflows for governmental funds	\$ <u><u>1,966,339</u></u>

At the end of the current fiscal year, the various components of deferred inflows in the proprietary funds relating to unavailable funds were as follows:

	<u>Unearned</u>
Property taxes receivable for subsequent year	\$ 362,763
Deferred special assessments	<u>927,215</u>
Total deferred inflows for proprietary funds	\$ <u><u>1,289,978</u></u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

C. Restricted Assets

The following is a list of restricted assets at December 31, 2013:

		Restricted Assets
Special assessments receivable	\$	1,998,112
Connection charges receivable		61,772
Total restricted assets	\$	2,059,884

D. Interfund Balances and Transfers

Internal Balances (Due to (from) other funds)

Balances due to and from other funds include interfund accounts receivable or payable for goods or services received or provided. Interfund balances are the result of timing differences and are settled on a monthly basis.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 124,280
General Fund	Summit Utility District No. 2	3,670
General Fund	Summit Utility District No. 3	340
General Fund	Silver Lake Utility District	2,125
Genesee Lakes Utility District	General Fund	21,556

All amounts are due within one year. The principal purpose of these interfund balances is the allocation of commingled cash and investment balances. 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 that are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

Transfers between governmental funds are summarized as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 2,926

Transfers from other governmental funds to the General Fund were made to transfer investment income from the Cemetery Fund.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets

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

Governmental Activities

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Decembe 31, 2013</u>
Nondepreciable capital assets:				
Land	\$ 1,076,62	\$ ---	\$ ---	\$ 1,076,620
Construction in progress	---	---	---	---
Total nondepreciable capital assets	1,076,62	---	---	1,076,620
Depreciable capital assets:				
Vehicles and Equipment	903,434	164,692	(21,919)	1,046,207
Buildings and Improvement	402,136	13,236	---	415,372
Infrastructure	2,794,73	51,566	---	2,846,303
Total depreciable capital assets	4,100,30	229,494	(21,919)	4,307,882
Less accumulated depreciation:				
Vehicles and Equipment	431,715	72,628	(7,307)	497,036
Buildings and Improvement	359,826	1,917	---	361,743
Infrastructure	183,229	53,484	---	236,713
Total accumulated depreciation	974,770	128,029	(7,307)	1,095,492
Net depreciable capital assets	3,125,53	101,465	(14,612)	3,212,390
Net total capital assets	\$ 4,202,15	\$ 101,465	\$ (14,612)	\$ 4,289,010

Depreciation was charged to governmental functions as follow:

General government	\$ 5,373
Public safety	35,168
Public works	79,222
Culture and recreation	8,266
Total depreciation	<u>\$ 128,029</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets (continued)

Business-type Activities

	Balance January 1, 2013	Addition	Disposals	Balance December 31, 2013
Nondepreciable capital				
Land	\$ 92,861	\$ ---	\$ ---	\$ 92,861
Total nondepreciable capital assets	92,861	---	---	92,861
Depreciable capital assets:				
Buildings	1,987,978	---	---	1,987,978
Sewer system and services	10,260,674	---	---	10,260,674
Equipment	1,042,301	---	---	1,042,301
Investment in City of Oconomowoc treatment plant	2,180,025	---	---	2,180,025
Total depreciable capital assets	15,470,978	---	---	15,470,978
Accumulated depreciation	(2,833,801)	(293,597)	---	(3,127,398)
Net depreciable capital assets	12,637,177	(293,597)	---	12,343,580
Net total capital assets	\$ 12,730,038	\$ (293,597)	\$ ---	\$ 12,436,441

Depreciation was charged to business-type activities as follows:

Business-type Activities	
Summit Utility District No. 2	\$ 239,096
Silver Lake Utility District	54,501
Total depreciation	<u>\$ 293,597</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
General obligation debt	\$ 331,428	\$ 150,000	\$ (83,258)	\$ 398,170	\$ 71,339
Other liabilities:					
Vested compensated absences	<u>322,535</u>	<u>---</u>	<u>(47,805)</u>	<u>274,730</u>	<u>---</u>
Total long-term obligations	\$ <u>653,963</u>	\$ <u>150,000</u>	\$ <u>(131,063)</u>	\$ <u>672,900</u>	\$ <u>71,339</u>
Business-type Activities:					
Long-term debt:					
General obligation debt	\$ 9,411,506	\$ 9,495,000	\$ (8,486,506)	\$ 10,420,000	\$ 850,000
Revenue bonds	<u>998,666</u>	<u>---</u>	<u>(998,666)</u>	<u>---</u>	<u>---</u>
Total long-term debt	\$ <u>10,410,172</u>	\$ <u>9,495,000</u>	\$ <u>(9,485,172)</u>	\$ <u>10,420,000</u>	\$ <u>850,000</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village, and will be retired by resources derived from various sources, including property tax levies, special assessments and impact fees. Details of general obligation debt are presented below:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/13</u>
Notes:	11/17/11	03/15/16	3.25%	\$ 65,000	\$ 50,029
	12/20/11	03/15/16	3.75%	72,290	55,672
	08/24/12	03/15/17	2.75%	194,138	142,469
	09/12/13	03/15/18	3.00%	150,000	150,000
Bonds:	02/07/13	05/01/27	1.0 – 2.2%	9,495,000	9,495,000
	09/01/06	09/01/16	4.50%	5,200,000	165,000
	04/15/06	04/01/16	4.0-4.13%	2,015,000	<u>760,000</u>
Total general obligation debt					\$ <u>10,818,170</u>
Government activity debt					\$ 398,170
Business-type activity debt					<u>10,420,000</u>
Total general obligation debt					\$ <u>10,818,170</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

General Obligation Debt (continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. As of December 31, 2013, the Village has used 23.74% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2013:

Equalized Value January 1, 2013	\$	<u>911,487,300</u>
Debt limit (5% of equalized value)	\$	45,574,365
General Obligation Debt outstanding		<u>(10,818,170)</u>
Remaining Margin of Indebtedness Available	\$	<u>34,756,195</u>
Ratio of applicable general obligation debt to debt limit		<u>23.74 %</u>

Debt Maturities

Debt service requirements to maturity for long-term debt are as follows:

Governmental Activities:

Year	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 71,339	\$ 7,990	\$ 79,329
2015	107,741	12,538	120,279
2016	113,307	6,971	120,278
2017	66,027	3,464	69,491
2018	39,756	1,193	40,949
Totals	<u>\$ 398,170</u>	<u>\$ 32,156</u>	<u>\$ 430,326</u>

Business-type Activities:

Year	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 850,000	\$ 212,788	\$ 1,062,788
2015	870,000	188,935	1,058,935
2016	885,000	169,485	1,054,485
2017	640,000	152,235	792,235
2018	655,000	139,285	794,285
2019-2023	3,475,000	492,925	3,967,925
2024-2028	<u>3,045,000</u>	<u>130,658</u>	<u>3,175,658</u>
Totals	<u>\$ 10,420,000</u>	<u>\$ 1,486,311</u>	<u>\$ 11,906,311</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Total Primary Government

<u>Year</u>	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 921,339	\$ 220,778	\$ 1,142,117
2015	977,741	201,473	1,179,214
2016	998,307	176,456	1,174,763
2017	706,027	155,699	861,726
2018	694,756	140,478	835,234
2019-2023	3,475,000	492,925	3,967,925
2024-2028	3,045,000	130,658	3,175,658
Totals	\$ <u>10,818,170</u>	\$ <u>1,518,467</u>	\$ <u>12,336,637</u>

Debt Premiums

Business-type Activities:

Debt premiums are deferred and amortized using the straight-line method over the life of the debt issue in both the fund statements and the government-wide statements. The unamortized debt premiums are reported in the deferred inflows of resources section, in both the fund statements and the government-wide statements.

Activity for the year ended December 31, 2013 is summarized as follows:

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance December 31, 2013</u>
Business-type Activities	\$ ---	\$ 164,407	\$ (11,743)	\$ 152,664

Debt Refundings

On February 7, 2013 the Summit Utility District No. 2 issued \$9,495,000 of General Obligation Refunding Bonds, which mature on May 1, 2027. Part of this issue represented a current refunding of Summit Utility District No. 2's Clean Water Fund Loan. The remaining principal balance of \$4,270,172 on the Clean Water Fund Loan was paid off with the proceeds from the new debt. In addition, part of this new debt issue represented an advanced refunding, in which a portion of the \$5,200,000 General Obligation Refunding Bonds were defeased by placing the proceeds of the refunding bonds in irrevocable escrow accounts to meet future debt service requirements as they become due. As a result of the advance refunding, the city decreased its total future debt service requirements by \$947,984, which resulted in an economic gain (difference between the present value of the debt service payments on the old debt and the cost of defeasance) of \$1,028,182. The principal of the defeased bonds totaled \$4,935,000. As of December 31, 2013, \$4,935,000 of the defeased bonds remain outstanding.

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances

Government-wide Financial Statement Net Position

Governmental Activities

Governmental net position consist of the following:

Net Investment in Capital Assets:

Land	\$ 1,076,620	
Other capital assets net of accumulated depreciation	3,212,390	
Less: related long-term debt	<u>(342,497)</u>	
Total Net Investment in Capital Assets		\$ 3,946,513

Restricted for:

Other:

Land acquisition	3,040	
Cemetery	283,478	
Genesee Lakes Utility District	21,556	
Impact fees	<u>121,110</u>	
Total Restricted for Other		429,184

Unrestricted		<u>1,664,921</u>
Total Governmental Net Position		\$ <u>6,040,618</u>

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Government-Wide Financial Statement Net Position (continued)

Business-type Activities

Business-type net position consist of the following:

Net Investment in Capital Assets:

Land	\$ 92,861	
Other capital assets net of accumulated depreciation	12,343,580	
Less: related long-term debt, net of unamortized debt issuance costs	(10,420,000)	
Less: unamortized debt premium	<u>(152,664)</u>	
Net Investment in Capital Assets		\$ 1,863,777

Restricted for:

Other:

Special assessments receivable	1,998,112	
Connection charges receivable	61,722	
Less: connection charges payable	(61,772)	
Less: due to other utilities	(151,865)	
Less: deferred special assessments	<u>(927,215)</u>	
Total restricted for other		919,032

Unrestricted

1,007,802

Total Business-type Net Position

\$ 3,790,611

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund balances consist of the following:

Major Funds:

General Fund:

Nonspendable:

Prepaid expenses \$ 18,088

Committed:

Retiree health insurance \$ 38,854

Facility improvements 1,244,181

Subtotal

1,283,035

Unassigned 702,267

Total General Fund \$ 2,003,390

Nonmajor Governmental Funds:

Restricted:

Land acquisition \$ 3,040

Cemetery 283,478

Genesee Lakes Utility District 21,556

Impact fees 121,110

Subtotal

\$ 429,184

Unassigned (340)

Total nonmajor governmental funds \$ 428,844

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

4. Other Notes

A. Employee Pension Plan

All eligible Village of Summit employees participate in the Wisconsin Retirement System ("WRS"), a cost-sharing multiple-employer, defined benefit, public employee retirement system ("PERS"). All permanent employees expected to work at least 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, and expected to work at least 1200 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 General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contributions unless provided by an existing collective bargaining agreement. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	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 Village of Summit employees covered by WRS for the year ended December 31, 2013 was \$1,092,730; the employer's total payroll was \$1,150,448. The total required contribution for the year ended December 31, 2013 was \$184,116, which consisted of \$130,136, or 11.9% of payroll from the employer and \$53,980, or 5.2% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$143,858 and \$136,024, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service)) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 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, Wisconsin 53707-7931.

VILLAGE OF SUMMIT
Summit, Wisconsin

Notes to Financial Statements
December 31, 2013

4. Other Notes (continued)

B. Risk Management

The Village is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; and 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 are no significant reductions in coverage compared to the prior year.

C. Contingent Liabilities

From time to time, the Village 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 of the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

D. Police Contract

Starting in 2011, the Village began providing police services to a local municipality. The Village received \$286,000 in the current year related to these services. In 2014, the services will provide approximately \$325,000 in revenues for the Village.

E. Dissolution of Summit Fire District

During the year ended December 31, 2012 the Summit Fire District discontinued operations. Effective January 1, 2013 the Village of Summit received the remaining assets of the Fire District to be distributed between the Village of Oconomowoc Lake (22%) and the Village of Summit (78%).

Assets Received	
Cash	\$ 274,262
Vehicles and equipment	<u>707,647</u>
Total received	\$ 981,909
Assets Distributed	
Cash to Village of Oconomowoc Lake (22%)	(216,019)
Equipment donated to Dousman Fire	(649,172)
Equipment donated to Village of Summit	(2,485)
Gain on sale of equipment	<u>73,610</u>
Net effect	\$ <u>187,843</u>

5. Prior Period Adjustment

The Village implemented GASB Statement No. 65, *Items previously reported as assets and liabilities*, which was implemented in fiscal year 2013. Under GASB 65 debt issuance costs are no longer recorded as an asset and amortized over the life of the related debt issue. Debt issuance costs are now expensed in the current period. As a result, adjustments of \$81,386 in Summit Utility District No. 2 and \$6,075 in Silver Lake Utility District were made to decrease December 31, 2012 net position and to decrease current assets by eliminating unamortized debt issuance costs.

During the audit process it was determined the special assessment receivables in Silver Lake Utility District were understated in prior year due to principal payment miscalculations. As a result, an adjustment of \$8,160 was made to increase December 31, 2012 net position and to increase special assessments receivable.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF SUMMIT
Summit, Wisconsin

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 1,538,473	\$ 1,538,473	\$ 1,526,060	\$ (12,413)
Operating grants and contributions:				
Intergovernmental	322,995	322,995	321,700	(1,295)
Other	25,434	25,434	22,892	(2,542)
Licenses and permits	100,815	100,815	156,244	55,429
Fines, forfeitures and penalties	40,100	40,100	58,164	18,064
Public charges for services	463,200	463,200	469,841	6,641
Intergovernmental charges for services	379,895	379,895	375,842	(4,053)
Investment income	11,600	11,600	5,218	(6,382)
Other revenues	3,800	3,800	8,536	4,736
Total revenues	2,886,312	2,886,312	2,944,497	58,185
Expenditures:				
Current:				
General government	700,868	700,868	611,161	89,707
Public safety	1,293,550	1,293,550	1,380,292	(86,742)
Public works	777,427	777,427	767,837	9,590
Health and human services	34,485	34,485	31,131	3,354
Culture, recreation and education	79,982	79,982	50,828	29,154
Capital outlay	---	---	229,494	(229,494)
Total expenditures	2,886,312	2,886,312	3,070,743	(184,431)
Excess (deficiency) of revenues over (under) expenditures	---	---	(126,246)	(126,246)
Other Financing Sources (Uses):				
Debt issued	---	---	150,000	150,000
Sales of property	---	---	5,946	5,946
Transfer in	---	---	2,926	2,926
Total other financing sources (uses)	---	---	158,872	158,872
Special Item:				
Dissolution of Summit Fire District	---	---	187,843	187,843
Net change in fund balance	---	---	220,469	220,469
Fund Balance - Beginning of Year	1,782,921	1,782,921	1,782,921	---
Fund Balance - End of Year	\$ 1,782,921	\$ 1,782,921	\$ 2,003,390	\$ 220,469

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF SUMMIT
Summit, Wisconsin
Combing Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	<u>Special Revenue Funds</u>					<u>Permanent Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Debt Service Fund</u>	<u>Land Acquisition and Capital Improvements</u>	<u>Impact Fees</u>	<u>Genesee Lakes Utility District</u>	<u>Summit Utility District #3</u>	<u>Cemetery Fund</u>	
Assets:							
Cash and investments	\$ 39,741	\$ 3,040	\$ 121,110	\$ ---	\$ ---	\$ 407,758	\$ 571,649
Receivables:							
Taxes	39,588	---	---	4,800	20,605	---	64,993
Due from other funds	---	---	---	21,556	---	---	21,556
Total Assets	79,329	3,040	121,110	26,356	20,605	407,758	658,198
Liabilities:							
Due to other funds	---	---	---	---	340	124,280	124,620
Deferred Inflows of Resources:							
Tax roll revenue	79,329	---	---	4,800	20,605	---	104,734
Fund Balance (Deficit):							
Restricted	---	3,040	121,110	21,556	---	283,478	429,184
Unassigned	---	---	---	---	(340)	---	(340)
Total Fund Balance (Deficit)	\$ ---	\$ 3,040	\$ 121,110	\$ 21,556	\$ (340)	\$ 283,478	\$ 428,844

See independent auditor's report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Combing Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2013

	Special Revenue Funds					Permanent Fund	Total Nonmajor Funds
	Debt Service Fund	Land Acquisition and Capital Improvements	Impact Fees	Genesee Lakes Utility District	Summit Utility District #3	Cemetery Fund	
Revenues:							
Taxes	\$ 92,378	\$ ---	\$ ---	\$ 4,050	\$ 20,300	\$ ---	\$ 116,728
Operating grants and contributions:							
Other	---	---	---	---	---	2,278	2,278
Public charges for services	---	---	17,933	---	---	10,500	28,433
Investment income	---	---	60	---	---	2,926	2,986
Total revenues	<u>92,378</u>	<u>---</u>	<u>17,993</u>	<u>4,050</u>	<u>20,300</u>	<u>15,704</u>	<u>150,425</u>
Expenditures:							
Current:							
Public works	---	---	---	---	20,300	---	20,300
Health and human services	---	---	---	---	---	17,546	17,546
Debt Service:							
Principal	83,258	---	---	---	---	---	83,258
Interest and fiscal charges	9,120	---	---	---	---	---	9,120
Total Expenditures	<u>92,378</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>20,300</u>	<u>17,546</u>	<u>130,224</u>
Excess (deficiency) of revenues over (under) expenditures	---	---	17,993	4,050	---	(1,842)	20,201
Other Financing Uses:							
Transfers out	---	---	---	---	---	(2,926)	(2,926)
Net change in fund balance	---	---	17,993	4,050	---	(4,768)	17,275
Fund Balance (Deficiti), beginning of year	---	3,040	103,117	17,506	(340)	288,246	411,569
Fund Balance (Deficit) - end of year	<u>\$ ---</u>	<u>\$ 3,040</u>	<u>\$ 121,110</u>	<u>\$ 21,556</u>	<u>\$ (340)</u>	<u>\$ 283,478</u>	<u>\$ 428,844</u>

See independent auditor's report.