

YORKVILLE STORM WATER UTILITY
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015

YORKVILLE STORM WATER UTILITY

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

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Independent Auditor's Report

The Board of Commissioners
Yorkville Storm Water Utility
Town of Yorkville, Wisconsin

I have audited the accompanying financial statements of the governmental activities and the special revenue fund of the Yorkville Storm Water Utility, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Yorkville Storm Water Utility's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yorkville Storm Water Utility as of December 31, 2015, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Yorkville Storm Water Utility and do not purport to, and do not present fairly the financial position of the Town of Yorkville as of December 31, 2015, and the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.



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

Lake Geneva, Wisconsin
May 3, 2016

YORKVILLE STORM WATER UTILITY
BALANCE SHEET AND STATEMENT OF NET POSITION
DECEMBER 31, 2015

	<u>Special Revenue Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Assets</u>
<u>Assets</u>			
Cash in checking	\$ 121,965	\$ -	\$ 121,965
Receivable from municipality	54,915	-	54,915
Total assets	<u>176,880</u>	<u>-</u>	<u>176,880</u>
<u>Liabilities</u>			
Accounts payable	23,078	-	23,078
Accrued interest	-	3,966	3,966
Long term liabilities:			
Due within one year	-	23,715	23,715
Due after one year	-	156,707	156,707
Total liabilities	<u>23,078</u>	<u>184,388</u>	<u>207,466</u>
<u>Deferred Inflows of Resources</u>			
Special assessments	54,915	(54,915)	-
<u>Fund Balances/Net Position</u>			
Fund balances:			
Assigned	98,887	(98,887)	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 176,880</u>		
Net position:			
Restricted for storm water activities		(30,586)	(30,586)
Total net position		<u>\$ (30,586)</u>	<u>\$ (30,586)</u>

See accompanying notes to financial statements.

YORKVILLE STORM WATER UTILITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Functions/Programs</u>			
Governmental activities:			
General government	\$ 2,060	\$ -	\$ (2,060)
Public works	74,632	54,787	(19,845)
Interest on long-term debt	5,101	-	(5,101)
Total	<u>\$ 81,793</u>	<u>\$ 54,787</u>	
Change in net position			(27,006)
Net position - beginning			<u>(3,580)</u>
Net position - ending			<u>\$ (30,586)</u>

See accompanying notes to financial statements.

YORKVILLE STORM WATER UTILITY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

Revenues

Special charges	\$ 54,672
Interest income	72
	<hr/>
Total revenues	54,744
	<hr/>

Expenditures

General Government:

General administrative	774
Legal	186
Accounting	1,100
Total General Government	2,060
	<hr/>

Public Works:

Engineering	11,864
Drainage	36,738
Maintenance	26,030
	<hr/>
Total Public Works	74,632
	<hr/>

Debt Service:

Principal retirement	23,093
Interest expense	5,597
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Total Debt Service	28,690
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Total expenditures	105,382
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Excess of revenues under expenditures	(50,638)
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Fund balances - beginning of year	149,525
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Fund balances - end of year	\$ 98,887
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See accompanying notes to financial statements.

YORKVILLE STORM WATER UTILITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

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

Net change in fund balances	\$ (50,638)
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The issuance of long-term debt provides current financial resources to the general fund, while the repayment of the principal of long-term debt uses the current financial resources of the general fund. Neither transaction, however, has any effect on net assets.

Principal payments on long-term debt	23,093
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments receivable	43
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the general fund.

Change in interest accrued on long-term debt	496
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Change in net position of governmental activities	\$ (27,006)
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See accompanying notes to financial statements.

YORKVILLE STORM WATER UTILITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles of state and local governments.

A. Reporting Entity

The Yorkville Storm Water Utility (the utility) was organized under the Wisconsin Statutes as a component unit of the Town of Yorkville to address present and future storm water drainage needs due to substantial growth in the area. The utility is managed by a commission consisting of one member of the Town of Yorkville board of supervisors along with six members of the general public.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the utility. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The utility reports no business-type activities.

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

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

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

Note 1 - Summary of Significant Accounting Policies - Continued

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Long-Term Obligations

In the statement of net position, long-term debt and other long-term obligations are reported as liabilities.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

2. Fund Equity

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

Note 2 - Detailed Notes on All Funds

A. Receivables

Receivables as of year-end for the utility are as follows:

Special charges on 2015 tax roll \$ 54,915

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

Total deferred/unearned revenue \$ 54,915

B. Long-Term Obligations

The utility issued a \$225,000 general obligation state trust fund loan from the Board of Commissioners of Public Lands during 2013. The proceeds of the loan were used for drainage projects. As of December 31, 2015, the balance of the loan was \$180,422. The interest rate on the loan is 2.75% and principal installments are payable until March 15, 2022.

Outstanding debt of the town was comprised of the following at December 31, 2015:

	<u>Interest Rate</u>	<u>Original Principal</u>	<u>Outstanding 12/31/15</u>	<u>Purpose</u>
<u>General obligation debt:</u>				
2013 state trust fund loan	2.75%	\$ 225,000	<u>\$ 180,422</u>	Drainage

Changes in long-term obligations for the year ended December 31, 2015 follows:

Outstanding - January 1, 2015	\$ 203,515
Proceeds from borrowing	---
Principal payments	<u>(23,093)</u>
Outstanding - December 31, 2015	<u>\$ 180,422</u>

Note 2 - Detailed Notes on All Funds - Continued

B. Long-Term Obligations - Continued

Annual debt service requirements to maturity are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 23,715	\$ 4,975	\$ 28,690
2017	24,380	4,310	28,690
2018	25,051	3,639	28,690
2019	25,740	2,950	28,690
2020	26,441	2,249	28,690
2021-2022	<u>55,095</u>	<u>2,283</u>	<u>57,378</u>
	<u>\$ 180,422</u>	<u>\$ 20,406</u>	<u>\$ 200,828</u>

Long-term obligations outstanding are reported on the statement of net position follows.

	2015
	Promissory
	<u>Notes</u>
Total loan outstanding at end of year	\$ 180,422
Less: current portion	<u>(23,715)</u>
Net non-current loan payable	<u>\$ 156,707</u>

Note 3 - Subsequent Events

Management has evaluated the need for disclosure or recording of transactions resulting from subsequent events through May 3, 2016, the date the financial statements were available to be issued; and concluded there were no matters to be disclosed.