

VILLAGE OF LENA
Annual Financial Report
December 31, 2016

VILLAGE OF LENA

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INDEPENDENT AUDITORS' REPORT

Independent Auditors' Report

To the Village Board
Village of Lena
Lena, Wisconsin

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 Lena (Village) as of and for the year ended December 31, 2016, and the related notes to the financial statements, 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.

Auditors' Responsibility

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

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

Opinions

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 Lena as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report

To the Village Board
Village of Lena
Lena, Wisconsin

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 Lena (Village) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Opinions

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 Lena as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Village Board
Village of Lena

Changes in Accounting Principles

As discussed in Note 1, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 72 *Fair Value Measurement and Application* as of and for the year ended December 31, 2016. Our opinion is not modified with respect to that matter.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules of proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement Plan on pages 37 through 41 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lena's basic financial statements. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management. The schedules of operating revenues and expenses and detailed budgetary comparison, except the budget information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except the budgetary 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating revenues and expenses and detailed budgetary comparison, except the budget information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


KerberRose SC
Certified Public Accountants
March 31, 2017

FINANCIAL STATEMENTS

VILLAGE OF LENA
Statement of Net Position
As of December 31, 2016

| | Governmental Activities | Business - Type Activities | Total |
|---|----------------------------|----------------------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Investments | \$ 554,889 | \$ 304,573 | \$ 859,462 |
| Receivables: | | | |
| Taxes | 106,483 | - | 106,483 |
| Customer Accounts Receivable | - | 123,663 | 123,663 |
| Delinquent Personal Property Taxes | 2,071 | - | 2,071 |
| Current Portion of Long-Term Receivable | - | 153,678 | 153,678 |
| Special Assessments | 1,781 | 8,110 | 9,891 |
| Inventories | - | 6,739 | 6,739 |
| Restricted Cash | 88,190 | 173,145 | 261,335 |
| Certificate of Deposit | - | 10,388 | 10,388 |
| Total Current Assets | 753,414 | 1,360,300 | 2,113,714 |
| Noncurrent Assets | | | |
| Long-Term Receivable | - | 2,761,917 | 2,761,917 |
| Capital Assets: | | | |
| Capital Assets Not Being Depreciated | 243,134 | 763 | 243,897 |
| Other Capital Assets, Net of Depreciation | 1,072,391 | 5,831,177 | 6,903,568 |
| Total Noncurrent Assets | 1,315,525 | 8,593,857 | 9,909,382 |
| TOTAL ASSETS | 2,068,939 | 9,954,157 | 12,023,096 |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Outflows of Resources Related to Pension | 69,571 | 49,594 | 119,165 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 14,956 | 15,526 | 30,482 |
| Accrued Liabilities | 20,223 | 2,325 | 22,548 |
| Accrued Interest Payable | 5,334 | 12,029 | 17,363 |
| Current Portion of Compensated Absences | 9,547 | 12,909 | 22,456 |
| Current Portion of Long-Term Obligations | 53,824 | 162,707 | 216,531 |
| Total Current Liabilities | 103,884 | 785,500 | 889,384 |
| Noncurrent Liabilities | | | |
| Noncurrent Portion of Long-Term Obligations | 239,854 | 2,797,902 | 3,037,756 |
| TOTAL LIABILITIES | 343,738 | 3,583,402 | 3,927,140 |
| DEFERRED INFLOW OF RESOURCES | | | |
| Taxes Levied for Subsequent Year | 191,689 | - | 191,689 |
| Deferred Inflows of Resources Related to Pension | 26,525 | 18,908 | 45,433 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 218,214 | 18,908 | 237,122 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 1,043,846 | 2,880,208 | 3,924,054 |
| Restricted for: | | | |
| Equipment Replacement | - | 124,049 | 124,049 |
| Sewer Utility Debt Service | - | 8,288 | 8,288 |
| Water Utility Debt Service | - | 40,808 | 40,808 |
| Pension Benefits | 30,593 | 21,809 | 52,402 |
| Unrestricted | 502,119 | 3,326,279 | 3,828,398 |
| TOTAL NET POSITION | \$ 1,576,558 | \$ 6,401,441 | \$ 7,977,999 |

See Accompanying Notes

VILLAGE OF LENA
Statement of Activities
For the Year Ended December 31, 2016

| | Program Revenues | | |
|---------------------------------------|---------------------|-------------------------|--|
| | Expenses | Charges for Services | Operating Grants and Contributions |
| FUNCTIONS/PROGRAMS | | | |
| Governmental Activities: | | | |
| General Government | \$ 104,823 | \$ 2,363 | \$ 2,148 |
| Public Safety | 225,910 | 75,376 | 46,164 |
| Public Works | 188,830 | 19,882 | 31,660 |
| Culture and Recreation | 28,431 | 509 | - |
| Conservation and Development | 8,751 | - | - |
| Interest and Fiscal Charges | 7,651 | - | - |
| Total Governmental Activities | <u>564,396</u> | <u>98,130</u> | <u>79,972</u> |
| BUSINESS-TYPE ACTIVITIES | | | |
| Water | 432,416 | 310,112 | - |
| Sewer | 228,940 | 159,677 | - |
| Total Business-Type Activities | <u>661,356</u> | <u>469,789</u> | <u>-</u> |
| TOTAL | <u>\$ 1,225,752</u> | <u>\$ 567,919</u> | <u>\$ 79,972</u> |

GENERAL REVENUES

Taxes:

Property Taxes, Levied for General Purposes
Intergovernmental Revenues not Restricted to
Specific Programs
Investment Income
Rental Income
Sale of Asset
Miscellaneous

Total General Revenues

TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR - AS RESTATED

NET POSITION - END OF YEAR

**Net (Expenses) Revenues and
Changes in Net Position**

| <u>Capital Grants</u> | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---------------------------|------------------------------------|-------------------------------------|---------------------|
| \$ - | \$ (100,312) | \$ - | \$ (100,312) |
| - | (104,370) | - | (104,370) |
| - | (137,288) | - | (137,288) |
| - | (27,922) | - | (27,922) |
| - | (8,751) | - | (8,751) |
| - | (7,651) | - | (7,651) |
| - | <u>(386,294)</u> | - | <u>(386,294)</u> |
| 25,000 | - | (97,304) | (97,304) |
| - | - | <u>(69,263)</u> | <u>(69,263)</u> |
| <u>25,000</u> | - | <u>(166,567)</u> | <u>(166,567)</u> |
| <u>\$ 25,000</u> | <u>(386,294)</u> | <u>(166,567)</u> | <u>(552,861)</u> |
| | 186,116 | - | 186,116 |
| | 168,810 | - | 168,810 |
| | 892 | 1,025 | 1,917 |
| | 15,869 | - | 15,869 |
| | - | 75,000 | 75,000 |
| | 48,766 | - | 48,766 |
| | <u>420,453</u> | <u>76,025</u> | <u>496,478</u> |
| | <u>28,467</u> | <u>(28,467)</u> | <u>-</u> |
| | 62,626 | (119,009) | (56,383) |
| | <u>1,513,932</u> | <u>6,520,450</u> | <u>8,034,382</u> |
| | <u>\$ 1,576,558</u> | <u>\$ 6,401,441</u> | <u>\$ 7,977,999</u> |

See Accompanying Notes

VILLAGE OF LENA
Balance Sheet
Governmental Funds
As of December 31, 2016

| | <u>General</u> | <u>Fire Department</u> | <u>Total</u> |
|---|-------------------|----------------------------|-------------------|
| ASSETS | | | |
| Cash and Investments | \$ 383,798 | \$ 171,091 | \$ 554,889 |
| Receivables: | | | |
| Taxes | 106,483 | - | 106,483 |
| Delinquent Personal Property Taxes | 2,071 | - | 2,071 |
| Special Assessments | 1,781 | - | 1,781 |
| Restricted Cash | 88,190 | - | 88,190 |
| TOTAL ASSETS | <u>\$ 582,323</u> | <u>\$ 171,091</u> | <u>\$ 753,414</u> |
| LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 13,189 | \$ 1,767 | \$ 14,956 |
| Accrued Liabilities | 19,462 | 761 | 20,223 |
| Total Liabilities | <u>32,651</u> | <u>2,528</u> | <u>35,179</u> |
| Deferred Inflows of Resources: | | | |
| Taxes Levied for Subsequent Year | 191,689 | - | 191,689 |
| Unavailable Special Assessments | 1,781 | - | 1,781 |
| Total Deferred Inflows of Resources | <u>193,470</u> | <u>-</u> | <u>193,470</u> |
| Fund Balances | | | |
| Nonspendable: | | | |
| Delinquent Personal Property Tax | 2,071 | - | 2,071 |
| Committed: | | | |
| Fire Suppression | - | 168,563 | 168,563 |
| Assigned: | | | |
| Equipment Fund | 35,538 | - | 35,538 |
| Ditch Maintenance | 9,768 | - | 9,768 |
| Building Fund | 19,295 | - | 19,295 |
| Police Equipment Fund | 12,264 | - | 12,264 |
| Street Maintenance | 3,061 | - | 3,061 |
| Promotions | 5,173 | - | 5,173 |
| National Night Out | 1,086 | - | 1,086 |
| Unassigned | 267,946 | - | 267,946 |
| Total Fund Balances | <u>356,202</u> | <u>168,563</u> | <u>524,765</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$ 582,323</u> | <u>\$ 171,091</u> | <u>\$ 753,414</u> |

See Accompanying Notes

VILLAGE OF LENA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
As of December 31, 2016

Total Fund Balances - Governmental Funds \$ 524,765

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

| | | |
|---------------------------------------|--------------------|-----------|
| Governmental Capital Asset | 2,712,190 | |
| Governmental Accumulated Depreciation | <u>(1,396,665)</u> | 1,315,525 |

Other long-term assets are not available to pay current period expenditures and therefore are deferred inflows of resources in the funds. Amounts previously recognized for governmental activities in the statement of net position:

| | | |
|---------------------|--|-------|
| Special Assessments | | 1,781 |
|---------------------|--|-------|

The Village's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements.

| | | |
|--------------------------------|--|-----------------|
| Deferred Outflows of Resources | | 69,571 |
| Deferred Inflows of Resources | | <u>(26,525)</u> |

Noncurrent obligations, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Items reported in the statement of net position that are not reported in the funds balance sheet:

| | | |
|---|-----------------|------------------|
| General Debt | (271,679) | |
| Net Pension Liability | (12,453) | |
| Accrued Interest on General Obligation Debt | (5,334) | |
| Vested Employee Benefits | <u>(19,093)</u> | <u>(308,559)</u> |

Total Net Position - Governmental Activities **\$ 1,576,558**

VILLAGE OF LENA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

| | <u>General</u> | <u>Fire Department</u> | <u>Total</u> |
|--|-------------------|----------------------------|-------------------|
| REVENUES | | | |
| Taxes | \$ 186,116 | \$ - | \$ 186,116 |
| Special Assessments | 815 | - | 815 |
| Intergovernmental | 200,950 | 50,135 | 251,085 |
| Licenses and Permits | 3,842 | - | 3,842 |
| Fines and Forfeits | 21,320 | - | 21,320 |
| Public Charges for Services | 20,066 | 7,356 | 27,422 |
| Miscellaneous | 27,143 | 80,498 | 107,641 |
| Total Revenues | <u>460,252</u> | <u>137,989</u> | <u>598,241</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General Government | 150,065 | - | 150,065 |
| Public Safety | 109,326 | 74,512 | 183,838 |
| Public Works | 125,248 | - | 125,248 |
| Culture and Recreation | 25,716 | - | 25,716 |
| Conservation and Development | 6,510 | - | 6,510 |
| Capital Outlay | 127,507 | 12,202 | 139,709 |
| Debt Service: | | | |
| Principal Retirement | 14,333 | 37,799 | 52,132 |
| Interest and Fiscal Charges | 6,461 | 2,201 | 8,662 |
| Total Expenditures | <u>565,166</u> | <u>126,714</u> | <u>691,880</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(104,914)</u> | <u>11,275</u> | <u>(93,639)</u> |
| OTHER FINANCING SOURCES | | | |
| Sale of Assets | 1,200 | - | 1,200 |
| Proceeds from Long-Term Debt | 81,836 | - | 81,836 |
| Transfer In | 28,467 | - | 28,467 |
| Total Other Financing Sources | <u>111,503</u> | <u>-</u> | <u>111,503</u> |
| NET CHANGE IN FUND BALANCES | 6,589 | 11,275 | 17,864 |
| FUND BALANCES - BEGINNING | <u>349,613</u> | <u>157,288</u> | <u>506,901</u> |
| FUND BALANCES - ENDING | <u>\$ 356,202</u> | <u>\$ 168,563</u> | <u>\$ 524,765</u> |

See Accompanying Notes

VILLAGE OF LENA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

| | | |
|---|-----------------|----------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 17,864 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense. | | |
| Capital outlay reported in governmental fund statements | 139,709 | |
| Depreciation expense reported in the statement of activities | <u>(58,495)</u> | |
| Amount by which depreciation is less than capital outlay in the current period. | | 81,214 |
| Amounts related to the pension plan that affect the statement of activities but do not affect the fund financial statements. | | |
| | | (6,632) |
| The Village disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expenses reported on the statement of activities as a net loss and has no effect on the governmental funds changes in fund balances. | | |
| The value of capital assets disposed of during the year | (6,959) | |
| The amount of depreciation recaptured for the year | <u>6,888</u> | |
| Amount by which cost of disposal exceeded accumulated depreciation | | (71) |
| Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. | | |
| Compensated absences paid in current year | 18,852 | |
| Compensated absences benefits earned in current year | <u>(19,093)</u> | |
| Amounts paid are less than amounts earned by | | (241) |
| Debt incurred in the governmental funds is reported as an other financing source in the fund financial statements, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities. | | |
| | | (81,836) |
| Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year. | | |
| | | 52,132 |
| Revenues in the statement of activities previously recognized revenues but these provide current financial resources in the governmental funds. | | |
| Special Assessments | | (815) |
| In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred. | | |
| The amount of interest paid during the current period | 8,662 | |
| The amount of interest accrued during the current period | <u>(7,651)</u> | |
| Interest paid is more than interest accrued by | | <u>1,011</u> |
| Change in Net Position - Governmental Activities | \$ | <u>62,626</u> |

VILLAGE OF LENA
Statement of Net Position
Proprietary Funds
As of December 31, 2016

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Total</u> |
|---|--------------------------|--------------------------|------------------|
| CURRENT ASSETS | | | |
| Cash | \$ 202,178 | \$ 102,395 | \$ 304,573 |
| Receivables: | | | |
| Customer Accounts Receivable | 102,003 | 21,660 | 123,663 |
| Current Portion of Long-Term Receivable | 153,678 | - | 153,678 |
| Special Assessments | 3,982 | 4,128 | 8,110 |
| Due from Other Fund | - | 580,004 | 580,004 |
| Inventories | 6,585 | 154 | 6,739 |
| Restricted Cash | 40,808 | 132,337 | 173,145 |
| Certificate of Deposit | - | 10,388 | 10,388 |
| Total Current Assets | <u>509,234</u> | <u>851,066</u> | <u>1,360,300</u> |
| NON-CURRENT ASSETS | | | |
| Capital Assets | | | |
| Plant in Service | 4,407,024 | 3,513,214 | 7,920,238 |
| Accumulated Depreciation | (754,088) | (1,334,210) | (2,088,298) |
| Total Capital Assets, Net of Accumulated Depreciation | <u>3,652,936</u> | <u>2,179,004</u> | <u>5,831,940</u> |
| Long-Term Receivable | 2,761,917 | - | 2,761,917 |
| Total Non-Current Assets | <u>6,414,853</u> | <u>2,179,004</u> | <u>8,593,857</u> |
| TOTAL ASSETS | <u>6,924,087</u> | <u>3,030,070</u> | <u>9,954,157</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources Related to Pension | <u>31,599</u> | <u>17,995</u> | <u>49,594</u> |
| CURRENT LIABILITIES | | | |
| Accounts Payable | 6,331 | 9,195 | 15,526 |
| Due to Other Fund | 580,004 | - | 580,004 |
| Accrued Payroll Expense | 1,653 | 672 | 2,325 |
| Accrued Interest | 5,548 | 6,481 | 12,029 |
| Accrued Compensated Absences | 5,827 | 7,082 | 12,909 |
| Current Portion of Long-Term Obligations | 129,494 | 33,213 | 162,707 |
| Total Current Liabilities | <u>728,857</u> | <u>56,643</u> | <u>785,500</u> |
| NON-CURRENT LIABILITIES | | | |
| Noncurrent Portion of Long-Term Obligations | <u>2,489,595</u> | <u>308,307</u> | <u>2,797,902</u> |
| TOTAL LIABILITIES | <u>3,218,452</u> | <u>364,950</u> | <u>3,583,402</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources Related to Pension | <u>12,047</u> | <u>6,861</u> | <u>18,908</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 1,039,503 | 1,840,705 | 2,880,208 |
| Restricted for: | | | |
| Equipment Replacement | - | 124,049 | 124,049 |
| Debt Service | 40,808 | 8,288 | 49,096 |
| Pension Benefits | 13,896 | 7,913 | 21,809 |
| Unrestricted | <u>2,630,980</u> | <u>695,299</u> | <u>3,326,279</u> |
| TOTAL NET POSITION | <u>\$ 3,725,187</u> | <u>\$ 2,676,254</u> | <u>6,401,441</u> |

See Accompanying Notes

VILLAGE OF LENA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Total</u> |
|---|--------------------------|--------------------------|---------------------|
| OPERATING REVENUES | \$ 310,112 | \$ 159,677 | \$ 469,789 |
| OPERATING EXPENSES | | | |
| Operation and Maintenance | 120,127 | 58,659 | 178,786 |
| Administration and General | 127,393 | 63,742 | 191,135 |
| Depreciation | 134,116 | 94,290 | 228,406 |
| Total Operating Expenses | <u>381,636</u> | <u>216,691</u> | <u>598,327</u> |
| OPERATING LOSS | <u>(71,524)</u> | <u>(57,014)</u> | <u>(128,538)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment Income | 433 | 592 | 1,025 |
| Interest Expense | (50,780) | (12,249) | (63,029) |
| Sale of Wastewater Treatment Plant Building | - | 75,000 | 75,000 |
| Total Non-Operating Revenues (Expenses) | <u>(50,347)</u> | <u>63,343</u> | <u>12,996</u> |
| INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | (121,871) | 6,329 | (115,542) |
| CONTRIBUTED CAPITAL | 25,000 | - | 25,000 |
| TRANSFERS OUT | <u>(28,036)</u> | <u>(431)</u> | <u>(28,467)</u> |
| CHANGE IN NET POSITION | (124,907) | 5,898 | (119,009) |
| NET POSITION - BEGINNING - RESTATED | <u>3,850,094</u> | <u>2,670,356</u> | <u>6,520,450</u> |
| NET POSITION - ENDING | <u>\$ 3,725,187</u> | <u>\$ 2,676,254</u> | <u>\$ 6,401,441</u> |

See Accompanying Notes

VILLAGE OF LENA
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

| | <u>Water Utility</u> | <u>Sewer Utility</u> | <u>Total</u> |
|--|--------------------------|--------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash Received from Customers | \$ 287,747 | \$ 164,852 | \$ 452,599 |
| Cash Paid to Suppliers for Goods and Services | (294,828) | (172,378) | (467,206) |
| Cash Paid to Employees for Services | (71,917) | (39,645) | (111,562) |
| Net Cash Flows From Operating Activities | <u>(78,998)</u> | <u>(47,171)</u> | <u>(126,169)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Tax Equivalent Paid to Municipality | (28,036) | (431) | (28,467) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment Income Received | 433 | 592 | 1,025 |
| Redemptions of Certificate of Deposit | - | (407) | (407) |
| Net Cash Flows From Investing Activities | <u>433</u> | <u>185</u> | <u>618</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of Capital Assets | (44,795) | (17,851) | (62,646) |
| Retirement of Capital Assets | - | 75,000 | 75,000 |
| Proceeds from Long-Term Debt | 131,170 | - | 131,170 |
| Grant Proceeds Received | 7,351 | - | 7,351 |
| Principal Payments on Long-Term Debt | (121,131) | (31,900) | (153,031) |
| Interest Paid | (51,004) | (12,951) | (63,955) |
| Contributions Received on Long-Term Receivable | 160,394 | - | 160,394 |
| Capital Contributions | 25,000 | - | 25,000 |
| Net Cash Flows From Capital and Related Financing Activities | <u>106,985</u> | <u>12,298</u> | <u>119,283</u> |
| Financing Activities | | | |
| NET INCREASE (DECREASE) IN CASH | 384 | (35,119) | (34,735) |
| CASH - BEGINNING | 242,602 | 269,851 | 512,453 |
| CASH - ENDING | <u>\$ 242,986</u> | <u>\$ 234,732</u> | <u>\$ 477,718</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating Loss | \$ (71,524) | \$ (57,014) | \$ (128,538) |
| Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities: | | | |
| Non-Cash Items: | | | |
| Depreciation | 134,116 | 94,290 | 228,406 |
| Changes in Operating Assets and Liabilities: | | | |
| Accounts Receivable | (22,365) | 5,175 | (17,190) |
| Prepaid Expenses | 1,012 | 662 | 1,674 |
| Inventories | 2,063 | (154) | 1,909 |
| Pension Asset | 8,368 | 4,728 | 13,096 |
| Deferred Outflows Related to Pension | (22,794) | (13,020) | (35,814) |
| Increase (Decrease) in Operating Liabilities: | | | |
| Accounts Payable | (89,471) | (31,430) | (120,901) |
| Due to Other Funds | (35,685) | (59,111) | (94,796) |
| Accrued Liabilities | (364) | (1,347) | (1,711) |
| Pension Liability | 5,656 | 3,221 | 8,877 |
| Deferred Inflows Related to Pension | 11,990 | 6,829 | 18,819 |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ (78,998)</u> | <u>\$ (47,171)</u> | <u>\$ (126,169)</u> |
| RECONCILIATION OF CASH PER STATEMENT OF NET POSITION TO STATEMENT OF CASH FLOWS | | | |
| Statement of Net Position Proprietary Fund: | | | |
| Cash | \$ 202,178 | \$ 102,395 | \$ 304,573 |
| Restricted Cash | 40,808 | 132,337 | 173,145 |
| CASH PER STATEMENT OF CASH FLOWS | <u>\$ 242,986</u> | <u>\$ 234,732</u> | <u>\$ 477,718</u> |

See Accompanying Notes

VILLAGE OF LENA
Statement of Net Position
Fiduciary Funds
As of December 31, 2016

| | <u>Agency</u> | <u>Library</u> | <u>Total</u> |
|---|----------------|-------------------|-------------------|
| ASSETS | | | |
| Cash | \$ 231,956 | \$ 86,265 | \$ 318,221 |
| Taxes Receivable | 272,220 | - | 272,220 |
| Capital Assets | - | 236,947 | 236,947 |
| Accumulated Depreciation | - | (77,559) | (77,559) |
| Total Assets | <u>504,176</u> | <u>245,653</u> | <u>749,829</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows of Resources Related to Pension | - | 22,529 | 22,529 |
| LIABILITIES | | | |
| Accounts Payable | - | 792 | 792 |
| Due to Other Taxing Units | 504,176 | - | 504,176 |
| Accrued Liabilities | - | 1,222 | 1,222 |
| Net Pension Liability - Wisconsin Retirement System | - | 4,033 | 4,033 |
| Total Liabilities | <u>504,176</u> | <u>6,047</u> | <u>510,223</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows of Resources Related to Pension | - | 8,590 | 8,590 |
| NET POSITION | | | |
| Net Investment in Capital Assets | - | 159,388 | 159,388 |
| Restricted for Pension Benefits | - | 9,906 | 9,906 |
| Unrestricted | - | 84,251 | 84,251 |
| Total Net Position | <u>\$ -</u> | <u>\$ 253,545</u> | <u>\$ 253,545</u> |

See Accompanying Notes

VILLAGE OF LENA
Statement of Changes in Net Position
Fiduciary Fund
As of December 31, 2016

| | <u>Library</u> |
|--|-------------------|
| REVENUES | |
| Intergovernmental | \$ 62,494 |
| Public Charges for Services | 2,244 |
| Miscellaneous | <u>24,363</u> |
| Total Revenues | <u>89,101</u> |
| | |
| EXPENDITURES | |
| Culture and Recreation | <u>101,316</u> |
| | |
| NET CHANGE IN NET POSITION | (12,215) |
| | |
| NET POSITION - BEGINNING - RESTATED | <u>265,760</u> |
| | |
| NET POSITION - ENDING | <u>\$ 253,545</u> |

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Village of Lena (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements, except for the implementation of the new accounting standards as explained later within this footnote. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

This report includes all of the funds of the Village of Lena. The reporting entity for the Village consists of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable or other organizations whose nature and significant relationship with the Village are such that exclusion would cause the Village's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Village's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Village. The Village has not identified any component units that are required to be included in the financial statements.

For 2016, the Village of Lena became the fiscal agent for the Lena Public Library. The library is jointly owned by the Town of Lena and the Village. The Village reports the activity of the Lena Public Library as a fiduciary fund in the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. 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 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) operating and capital grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

FUND FINANCIAL STATEMENTS

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

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 water and sewer utility enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS - Continued

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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:

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

Governmental Funds

Governmental funds are identified as either general or special revenue based upon the following guidelines.

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 resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Business-Type Activities

Proprietary Funds

Enterprise Funds

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND FINANCIAL STATEMENTS (Continued)

Fiduciary Funds

Agency Funds

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Village as a trustee.

Major Funds

The Village reports the following major governmental funds:

The *general fund*, which accounts for the Village's primary operating activities.

The *fire department fund*, which accounts for the resources accumulated and payments made for the operation of the fire department.

The Village reports the following major proprietary funds:

The *water utility*, which operates the water distribution system.

The *sewer utility*, which operates the sewage treatment plant, sewage pumping stations and collection systems.

Fiduciary Funds

The Village reports the following fiduciary funds:

The *tax collection fund*, which accounts for taxes and deposits collected by the Village, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

The *library fund*, which accounts for the resources accumulated and payments made for the operation of the library.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources) or economic resources (all assets, deferred outflows of resources, liabilities, and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and library fund financial statements. The agency fund has no measurement focus and utilizes 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CASH AND INVESTMENTS

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from the date of acquisition are considered to be cash equivalents.

The Village also has funds invested in the Wisconsin Local Government Investment Pool.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

INVENTORIES

Proprietary fund inventories are generally used for construction and for operation and maintenance work and are not for resale. They are valued at cost based on weighted average, and charged to construction or operations and maintenance expense when used. Governmental fund inventory items are charged to expenditure accounts when purchased.

SPECIAL ASSESSMENTS

Special assessments consist of capital projects constructed through non-special assessment debt. In governmental fund financial statements, special assessments are recorded as receivables and deferred inflows of resources when the related capital outlays are made and are recorded as revenues when due and payable. In the government-wide financial statements and proprietary funds, special assessments are recorded as receivables and capital contributions when the capital outlays are made. All special assessments are due when billed and may be paid on an installment basis with interest. The method of enforcing collections is the same as for general Village taxes.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

Capital assets, which include property, plant and equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the library column of the fiduciary fund financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired or constructed prior to January 1, 2004 are not reported in the financial statements. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the Village and Library are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> | | |
|--|------------------------------------|-------------------------------------|---------------------------------|
| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Fiduciary Activities</u> |
| Buildings, Improvements, and Utility Plant | 20 - 50 | 25 - 100 | 50 |
| Machinery and Equipment | 3 - 10 | 3 - 10 | 5 - 20 |
| Infrastructure | 30 - 50 | - | - |

COMPENSATED ABSENCES

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

Vacation leave is required to be used in the year earned, unless approved to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week.

LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of state trust fund loans, clean water loans, a safe drinking water loan, and a capital lease.

Long-term debt for governmental funds is not reported as a liability in the governmental fund financial statements. The debt proceeds and capital leases are reported as an other financing source and payment of principal and interest reported as expenditures. The accounting in proprietary funds is the same in the fund statements as it is in the government-wide statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND TRANSACTIONS

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are reported as a nonspendable in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Village has four items that qualify for reporting in this category. Accordingly, pension plan – difference between expected and actual experience, pension plan – net difference between projected and actual earnings on pension plan investments, pension plan – changes of actuarial assumptions and pension plan – employer contributions subsequent to the measurement date are reported in the statement of net position.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The government-wide financial statement has three items that qualify for reporting in this category. Accordingly, taxes levied for subsequent year, pension plan – changes in proportionate share and differences in actual contributions and pension plan – difference between expected and actual experience is reported in the statement of net position. The governmental funds report taxes levied for subsequent year and special assessments as deferred inflows of resources on the balance sheet.

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 fund types. 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 and proprietary funds statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS

Government-Wide Statements

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

- 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.
- Restricted component of net position – Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) by law through constitutional provisions or enabling legislation reduced by liabilities related to those assets.
- Unrestricted component of net position – Is the net amount 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.

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Village Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance represents amounts constrained by the Village Board for a specific intended purpose. Intent can be expressed by the Village Board or by its designee. The Board designates the Finance Committee as authorized to assign fund balance to a specific purpose. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The Village, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Village has adopted a minimum fund balance policy. The policy establishes a minimum unassigned fund balance equal to 30% (including 17% for cash flow purposes) of prior year’s audited general fund expenditures (less capital and debt service costs) for cash flow purposes, unanticipated non-reoccurring expenditures or to meet unanticipated revenue decreases or unexpected increases in service delivery costs. In the event the balance drops below the established minimum level, the Village will replenish the deficiency by reducing recurring expenditures to eliminate the deficiency, increase revenues or funding sources, or a combination of those options within the next fiscal year if possible.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

USE OF ESTIMATES

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from these estimates.

IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

The Village implemented Governmental Accounting Standards Board (GASB) Statement No. 72 *Fair Value Measurement and Application* for the year ended December 31, 2016. Statement No. 72 which defines fair value, how fair value is measured, what assets and liabilities should be measured at fair value, and the information about fair value is reported in the notes to the financial statements. Additionally, GASB Statement No. 72 utilizes a three-level hierarchy for measuring fair value.

NOTE 2 - CASH AND INVESTMENTS

The Village is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturity 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, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a 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.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

At December 31, 2016, the Village's bank balance of cash was \$1,401,988. The Village maintains its cash accounts at one financial institution. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, although the fund had reserves available at December 31, 2016, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished; therefore, the State Deposit Guarantee Fund is not considered in covered amounts noted below.

The following represents a summary of deposits as of December 31, 2016:

| | |
|---|---------------------|
| Fully Insured Deposits | \$ 260,619 |
| Collateralized with Securities held by the Pledging of Financial Institution in the Village's Name | 1,127,703 |
| Uncollateralized | <u>13,666</u> |
| Total | <u>\$ 1,401,988</u> |

For all deposits and investments shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit at December 31, 2016.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

- Level 1 – Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources for market transactions involving identical assets.
- Level 2 – Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.
- Level 3 – Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission (SEC), but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2016, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool. The balance in the local government investment pool at December 31, 2016 was \$40,808, all of which is considered a Level 2 input.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2016 consisted of cash totaling \$261,335 held for the following purposes:

| | | |
|-----------------------------|--------|---------------------------|
| General Fund | | |
| Advance Tax Collection | \$ | 88,190 |
| Sewer Utility Fund | | |
| Equipment Replacement | | 124,049 |
| Debt Service | | 8,288 |
| Water Utility Fund | | |
| Debt Service | | <u>40,808</u> |
| Total Restricted Assets | \$ | <u><u>261,335</u></u> |

NOTE 4 - PROPERTY TAXES

The Village bills and collects its own property taxes and also levies for the Lena School District, Oconto County, Northeast Wisconsin Technical College, and the State of Wisconsin.

Property taxes consist of taxes on real estate and personal property. They are levied during December and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31, and July 31. Real estate taxes not paid by July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

As part of Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

NOTE 5 - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS

Interfund receivables and payables between individual funds of the Village as of December 31, 2016 are detailed below:

| Receivable Fund | Payable Fund | Amount | Purpose |
|-----------------|---------------|-------------------|-----------------|
| Sewer Utility | Water Utility | <u>\$ 580,004</u> | Working Capital |

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 5 - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the year ended December 31, 2016 as shown in the governmental and proprietary funds statements were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Purpose</u> |
|----------------------|--------------------|------------------|----------------|
| Sewer Utility | General Fund | \$ 431 | Tax Equivalent |
| Water Utility | General Fund | <u>28,036</u> | Tax Equivalent |
| | | <u>\$ 28,467</u> | |

NOTE 6 - LONG-TERM RECEIVABLE

The Village has a long-term receivable in relation to the water treatment plant. The total receivable is 91% of the full disbursement amount of the Safe Drinking Water Loan. The balance of the long-term receivable as of December 31, 2016 is \$2,915,595.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land and Improvements | \$ 210,006 | \$ 15,044 | \$ - | \$ 225,050 |
| Construction-in-Progress | <u>15,843</u> | <u>2,241</u> | <u>-</u> | <u>18,084</u> |
| Total Capital Assets not being Depreciated | <u>225,849</u> | <u>17,285</u> | <u>-</u> | <u>243,134</u> |
| Other Capital Assets | | | | |
| Buildings and Improvements | 588,163 | 21,547 | 4,125 | 605,585 |
| Machinery and Equipment | 1,441,515 | 18,953 | 2,834 | 1,457,634 |
| Infrastructure | <u>323,913</u> | <u>81,924</u> | <u>-</u> | <u>405,837</u> |
| Total Capital Assets being Depreciated | <u>2,353,591</u> | <u>122,424</u> | <u>6,959</u> | <u>2,469,056</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (335,250) | (13,010) | (4,125) | (344,135) |
| Machinery and Equipment | (960,019) | (37,525) | (2,763) | (994,781) |
| Infrastructure | <u>(49,789)</u> | <u>(7,960)</u> | <u>-</u> | <u>(57,749)</u> |
| Total Accumulated Depreciation | <u>(1,345,058)</u> | <u>(58,495)</u> | <u>(6,888)</u> | <u>(1,396,665)</u> |
| Total Capital Assets Being Depreciated, Net of Depreciation | <u>1,008,533</u> | <u>63,929</u> | <u>71</u> | <u>1,072,391</u> |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 1,234,382</u> | <u>\$ 81,214</u> | <u>\$ 71</u> | <u>\$ 1,315,525</u> |

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 7 - CAPITAL ASSETS (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------------|--------------------|---------------------|
| Business-Type Activities: | | | | |
| Business-Type Activities | | | | |
| Capital Assets not Being Depreciated: | | | | |
| Land | \$ 763 | \$ - | \$ - | \$ 763 |
| Construction in Progress | 36,614 | 45,675 | (82,289) | - |
| Total Capital Assets not being Depreciated | 37,377 | 45,675 | (82,289) | 763 |
| Capital Assets being Depreciated | | | | |
| Utility Plant | 8,426,815 | 99,260 | 606,600 | 7,919,475 |
| Less: Accumulated Depreciation | (2,466,492) | (228,406) | (606,600) | (2,088,298) |
| Total Capital Assets being Depreciated, Net of Depreciation | 5,960,323 | (129,146) | - | 5,831,177 |
| Business-Type Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 5,997,700</u> | <u>\$ (83,471)</u> | <u>\$ (82,289)</u> | <u>\$ 5,831,940</u> |

Depreciation expense was charged to functions of the Village as follows:

| | |
|--|-------------------|
| Governmental Activities: | |
| General Government | \$ 3,634 |
| Public Safety | 25,051 |
| Public Works | 27,095 |
| Culture and Recreation | 2,715 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 58,495</u> |
| Business-Type Activities: | |
| Sewer Depreciation Charged to Accumulated Depreciation | \$ 92,844 |
| Plus: Share of Meter Depreciation | 1,446 |
| Sewer Depreciation Expense | <u>94,290</u> |
| Water Depreciation Charged to Accumulated Depreciation | 135,562 |
| Plus: Share of Meter Depreciation | (1,446) |
| Water Depreciation Expense | <u>134,116</u> |
| Total Business-Type Activities Depreciation Expense | <u>\$ 228,406</u> |

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 8 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2016:

| | <u>Outstanding 1/1/16</u> | <u>Increases</u> | <u>Decreases</u> | <u>Outstanding 12/31/16</u> | <u>Due Within One Year</u> |
|--|-------------------------------|-------------------|-------------------|---------------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| General Obligation Debt | | | | | |
| State Trust Fund Loans | \$ 165,291 | \$ 81,836 | \$ 14,333 | \$ 232,794 | \$ 14,940 |
| Capital Lease | 76,684 | - | 37,799 | 38,885 | 38,884 |
| Total General Obligation Debt | 241,975 | 81,836 | 52,132 | 271,679 | 53,824 |
| Vested Compensated Absences | 18,852 | 19,093 | 18,852 | 19,093 | 9,547 |
| Net Pension Liability (Asset) | (24,429) | 51,814 | 14,932 | 12,453 | - |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 236,398</u> | <u>\$ 152,743</u> | <u>\$ 85,916</u> | <u>\$ 303,225</u> | <u>\$ 63,371</u> |
| Business-Type Activities: | | | | | |
| General Obligation Debt | | | | | |
| State Trust Fund Loans | \$ 239,491 | \$ - | \$ 26,948 | \$ 212,543 | \$ 28,184 |
| Clean Water Loans | 186,621 | - | 13,547 | 173,074 | 13,882 |
| Safe Drinking Water Loan | 2,547,481 | 131,170 | 112,536 | 2,566,115 | 120,641 |
| Total Business-Type Activities Debt | 2,973,593 | 131,170 | 153,031 | 2,951,732 | 162,707 |
| Net Pension Liability (Asset) | (13,096) | 32,617 | 10,644 | 8,877 | - |
| Total Business-Type Activities Long-Term Liabilities | <u>\$ 2,960,497</u> | <u>\$ 163,787</u> | <u>\$ 163,675</u> | <u>\$ 2,960,609</u> | <u>\$ 162,707</u> |

Total interest paid during the year on long-term debt totaled \$72,616.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 8 - LONG TERM DEBT OBLIGATIONS (Continued)

| | <u>Date of Issuance</u> | <u>Final Maturity</u> | <u>Interest Rates</u> | <u>Original Indebtedness</u> | <u>Balance 12/31/16</u> |
|--|-----------------------------|---------------------------|---------------------------|----------------------------------|-----------------------------|
| Governmental Activities | | | | | |
| Long-Term Obligations | | | | | |
| 2011 State Trust Loan | 10/12/11 | 03/15/21 | 3.75% | \$ 73,086 | \$ 44,031 |
| 2012 State Trust Loan | 03/06/12 | 03/15/21 | 3.75% | 21,914 | 13,077 |
| 2012 State Trust Loan | 05/01/12 | 03/15/32 | 4.00% | 110,000 | 93,850 |
| 2016 State Trust Loan | 12/28/16 | 03/15/26 | 3.00% | 81,836 | 81,836 |
| Capital Lease | 06/14/12 | 06/14/17 | 2.87% | 293,908 | 38,885 |
| Total Governmental Activities Long-Term Obligations | | | | | <u>\$ 271,679</u> |
| Business-Type Activities | | | | | |
| Long-Term Obligations | | | | | |
| 2005 State Trust Fund Loan | 10/24/05 | 03/15/25 | 5.00% | \$ 79,878 | \$ 47,859 |
| 2005 State Trust Fund Loan | 12/13/05 | 03/15/25 | 5.00% | 120,122 | 71,509 |
| 2011 State Trust Fund Loan | 10/12/11 | 03/15/21 | 3.75% | 119,246 | 71,841 |
| 2012 State Trust Fund Loan | 03/06/12 | 03/15/21 | 3.75% | 35,754 | 21,334 |
| 2007 Clean Water Fund Loan | 05/09/07 | 05/01/27 | 2.475% | 283,857 | 173,074 |
| 2014 Safe Drinking Water Loan | 10/22/14 | 05/01/34 | 1.925% | 2,678,650 | 2,566,115 |
| Total Business-Type Activities Long-Term Obligations | | | | | <u>\$ 2,951,732</u> |

Debt service requirements to maturity are as follows:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|-----------|--------------------------------|------------------|---------------------------------|-------------------|---------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2017 | \$ 53,824 | \$ 7,051 | \$ 162,708 | \$ 61,875 | \$ 216,532 | \$ 68,926 |
| 2018 | 23,120 | 8,332 | 166,575 | 57,982 | 189,695 | 66,314 |
| 2019 | 24,464 | 6,987 | 170,547 | 53,982 | 195,011 | 60,969 |
| 2020 | 25,322 | 6,130 | 174,616 | 49,886 | 199,938 | 56,016 |
| 2021 | 25,954 | 5,212 | 178,355 | 45,653 | 204,309 | 50,865 |
| 2022-2026 | 76,770 | 16,388 | 831,553 | 168,994 | 908,323 | 185,382 |
| 2027-2031 | 34,479 | 5,799 | 776,289 | 84,549 | 810,768 | 90,348 |
| 2032-2034 | 7,746 | 311 | 491,089 | 14,300 | 498,835 | 14,611 |
| | <u>\$ 271,679</u> | <u>\$ 56,210</u> | <u>\$ 2,951,732</u> | <u>\$ 537,221</u> | <u>\$ 3,223,411</u> | <u>\$ 593,431</u> |

Estimated payments of accumulated employee benefits and other commitments are not included in the above schedule.

The 2016 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$29,633,000. The legal debt limit and margin of indebtedness as of December 31, 2016, in accordance with Wisconsin Statutes follows:

| | |
|---|---------------------|
| Debt Limit (5% of \$29,633,000) | \$ 1,481,650 |
| Deduct Long-Term Debt Applicable to Debt Margin | <u>445,337</u> |
| Remaining Margin of Indebtedness Available | <u>\$ 1,036,313</u> |

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 8 - LONG TERM DEBT OBLIGATIONS (Continued)

Utility Revenues Pledged

The Village has pledged future revenue derived from the sewerage system, net of specified operating expenses, to repay the Clean Water Fund Loan. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used within the Utility. The loan is payable from sewerage system net revenues and is payable through 2027. The total principal and interest remaining to be paid on the bonds is \$197,680. Principal and interest paid for the current year and total sewerage system net revenues were \$17,998 and \$234,677, respectively.

The Village has pledged future revenue derived from the water system, net of specified operating expenses, to repay the Safe Drinking Water Loan. Proceeds from the bond provided financing for the construction or acquisition of capital assets used within the Utility. The loan is payable from water system net revenues and is payable through 2034. The total principal and interest remaining to be paid on the bonds is \$3,035,996. Principal and interest paid for the current year and total water system net revenues were \$161,408 and \$310,112, respectively.

The balance of the long term receivable as of December 31, 2016 was \$2,915,595, which will be used for repayment of the loan. The Village received \$160,394 of contribution to be used toward repayment of the Safe Drinking Water Loan during the year.

The Village is not in compliance with the Safe Drinking Water Loan debt coverage ratio for December 31, 2016.

NOTE 9 - FUND EQUITY

GOVERNMENT-WIDE STATEMENTS

Net position reported on the government-wide statement of net position at December 31, 2016 includes the following:

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|---------------------|
| Net Investment in Capital Assets | | | |
| Net Capital Assets | \$ 1,315,525 | \$ 5,831,940 | \$ 7,147,465 |
| Less: Related Long-Term Debt Outstanding | 271,679 | 2,951,732 | 3,223,411 |
| Net Investment in Capital Assets | <u>1,043,846</u> | <u>2,880,208</u> | <u>3,924,054</u> |
| Restricted for: | | | |
| Equipment Replacement | - | 124,049 | 124,049 |
| Sewer Utility Debt Service | - | 8,288 | 8,288 |
| Water Utility Debt Service | - | 40,808 | 40,808 |
| Pension Benefit | 30,593 | 21,809 | 52,402 |
| Total Restricted | <u>30,593</u> | <u>194,954</u> | <u>225,547</u> |
| Unrestricted | <u>502,119</u> | <u>3,326,279</u> | <u>3,828,398</u> |
| Total Government-Wide Net Position | <u>\$ 1,576,558</u> | <u>\$ 6,401,441</u> | <u>\$ 7,977,999</u> |

NOTE 10 - DEFINED BENEFIT PENSION PLAN

Summary of Significant Accounting Policies

Pensions. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds. The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer prior to July 1, 2011, 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 1,200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

| <u>Year</u> | <u>Core Fund Adjustment</u> | <u>Variable Fund Adjustment</u> |
|-------------|-----------------------------|---------------------------------|
| 2006 | 0.8 | 3 |
| 2007 | 3.0 | 10 |
| 2008 | 6.6 | 0 |
| 2009 | (2.1) | (42) |
| 2010 | (1.3) | 22 |
| 2011 | (1.2) | 11 |
| 2012 | (7.0) | (7) |
| 2013 | (9.6) | 9 |
| 2014 | 4.7 | 25 |
| 2015 | 2.9 | 2 |

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees 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 contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$13,349 in contributions from the Village.

Contribution rates as of December 31, 2016 are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|---------------------------------|-----------------|-----------------|
| General (including teachers) | 6.6% | 6.6% |
| Protective with Social Security | 6.6% | 9.4% |

Pension Asset, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pension

At December 31, 2016, the Village reported a liability of \$21,331 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Village's proportion was 0.00131267%, which was an increase of 0.00002782% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of \$25,577.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experiences | \$ 3,609 | \$ 44,890 |
| Changes in assumptions | 14,923 | - |
| Net differences between projected and actual earnings on pension plan investments | 87,334 | - |
| Changes in proportionate and differences between employer contributions and proportionate share of contributions | - | 543 |
| Employer contributions subsequent to the measurement date | 13,299 | - |
| Total | <u>\$ 119,165</u> | <u>\$ 45,433</u> |

The \$13,299 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

| <u>Year ending December 31,</u> | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflows of Resources</u> |
|-------------------------------------|--|--|
| 2017 | \$ 27,487 | \$ 11,004 |
| 2018 | 27,487 | 11,004 |
| 2019 | 27,487 | 11,004 |
| 2020 | 22,928 | 10,973 |
| 2021 | 476 | 1,449 |

Actuarial assumptions. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--------------------------------|
| Actuarial Valuation Date: | December 31, 2014 |
| Measurement Date of Net Pension Liability (Asset) | December 31, 2015 |
| Actuarial Cost Method: | Entry Age |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 7.2% |
| Discount Rate: | 7.2% |
| Salary Increases: | |
| Inflation | 3.2% |
| Seniority/Merit | 0.2% - 5.6% |
| Mortality: | Wisconsin 2012 Mortality Table |
| Post-retirement Adjustments* | 2.1% |

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability (asset) at December 31, 2015 is based upon a roll-forward of the asset calculated from the December 31, 2014 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Core Fund Asset Class</u> | Current Asset Allocation % | Destination Target Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|--------------------------------------|-------------------------------|---|--|---|
| US Equities | 27.0% | 23.0% | 7.6% | 4.7% |
| International Equities | 24.5 | 22.0 | 8.5 | 5.6 |
| Fixed Income | 27.5 | 37.0 | 4.4 | 1.6 |
| Inflation Sensitive Assets | 10.0 | 20.0 | 4.2 | 1.4 |
| Real Estate | 7.0 | 7.0 | 6.5 | 3.6 |
| Private Equity/Debt | 7.0 | 7.0 | 9.4 | 6.5 |
| Multi-Asset | 4.0 | 4.0 | 6.7 | 3.8 |
| Total Core Fund | 107.0% | 120.0% | 7.4% | 4.5% |
| <u>Variable Fund Asset Class</u> | | | | |
| U.S. Equities | 70.0% | 70.0% | 7.6% | 4.7% |
| International Equities | 30.0 | 30.0 | 8.5 | 5.6 |
| Total Variable Fund | 100.0% | 100.0% | 7.9% | 5.0% |

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability (asset). This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long-term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

| | <u>1% Decrease to Discount Rate (6.20%)</u> | <u>Current Discount Rate (7.20%)</u> | <u>1% Increase To Discount Rate (8.20%)</u> |
|---|---|--|---|
| Village's proportionate share of the net pension liability (asset) | \$149,614 | \$21,331 | (\$78,861) |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the Pension Plan

The Village is required to remit the monthly required contribution for both the employee and Village portions by the last day of the following month. All amounts due to WRS were paid as of December 31, 2016.

NOTE 11 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past three years.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

From time to time the Village is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Village management, these issues, and any other proceedings known to exist at December 31, 2016, are not likely to have a material adverse impact on the Village's financial position.

Funding for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature through their budget processes. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

The Village has a water tower maintenance agreement for January 1, 2017 through January 1, 2022. The balance of the agreement is approximately \$465,000.

The Village will implement a rate increase of 10% for the sewer utility starting March 16, 2017.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2016

NOTE 13 - MAJOR CUSTOMER

Saputo Cheese USA accounted for approximately \$217,500 of the water and sewer utility revenues during 2016.

NOTE 14 - RESTATEMENT OF BEGINNING NET POSITIONS

Government-Wide:

The restatement of net position in the government-wide financial statements was the result of the Joint Library Agreement with the Town of Lena now being in effect. The Library was previously a governmental fund and will now be presented as a fiduciary fund. In addition, capital assets and accumulated depreciation were overstated as a result of utility assets being included with Village assets. The following table shows the effect of the changes:

| | | |
|---|----|------------------|
| Net Position – December 31, 2015 (as previously reported) | \$ | 1,838,687 |
| Library Fund Balance | | (87,356) |
| Capital Assets | | (860,534) |
| Accumulated Depreciation | | 635,876 |
| Net Pension Liability | | (6,229) |
| Deferred Outflows Related to Pension | | (6,555) |
| Deferred Inflows Related to Pension | | 43 |
| | | <u>43</u> |
| Net Position – As Restated December 31, 2015 | \$ | <u>1,513,932</u> |

Proprietary Fund:

The restatement of net position in the proprietary financial statements was the result of accumulated depreciation being understated. The following table shows the effect of the changes:

| | | |
|---|----|------------------|
| Net Position – December 31, 2015 (as previously reported) | \$ | 3,985,465 |
| Accumulated Depreciation – Understated | | (135,371) |
| | | <u>(135,371)</u> |
| Net Position – As Restated December 31, 2015 | \$ | <u>3,850,094</u> |

Fiduciary Fund:

The restatement of net position in the fiduciary fund was the result of the Joint Library Agreement with the Town of Lena now being in effect. The Library was previously a governmental fund and will now be presented as a fiduciary fund.

| | | |
|---|----|----------------|
| Net Position – December 31, 2015 (as previously reported) | \$ | - |
| Library Fund Balance | | 87,356 |
| Capital Assets | | 235,512 |
| Accumulated Depreciation | | (69,849) |
| Net Pension Liability | | 6,229 |
| Deferred Outflows Related to Pension | | 6,555 |
| Deferred Inflows Related to Pension | | (43) |
| | | <u>(43)</u> |
| Net Position – As Restated December 31, 2015 | \$ | <u>265,760</u> |

NOTE 14 - RESTATEMENT OF BEGINNING NET POSITIONS AND FUND BALANCES (Continued)

The effect of this restatement for the year ended December 31, 2015 was a decrease in the amount previously reported as change in net position by approximately \$325,000 for governmental activities and \$135,000 for business-type activities.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 77, Tax Abatement Disclosures

GASB Statement No. 77, will not result in any accounting or reporting changes but will require specific note disclosures in the financial statements. Tax abatements are widely used by state and local governments to encourage economic development. Tax abatement is defined as an agreement between a government and a taxpayer in which the government agrees to forego tax revenues and the taxpayer agrees to take a specific action that contributes to economic development or achieves a public benefit. The statement requires disclosure about a reporting government's own tax abatement agreements and those that are entered into by other governments that reduce the reporting government's tax revenues (such as when a city or county enters into an agreement that reduces a school district's tax revenue). Disclosure requirements include the number of tax abatement agreements entered into during the reporting period; the total number in effect at end of the reporting period; the dollar amount by which tax revenues were reduced during the period; and a description of other commitments made in the agreements. Disclosures should be organized by each major program and should continue until the tax abatement agreement expires. The pronouncement will be effective for year ending December 31, 2017.

GASB Statement No. 80, Blending Requirements for Certain Component Units

GASB Statement No. 80 requires that component units incorporated as a nonprofit, when the primary government is the sole member, should be reported as a blended component unit. Component units that are included in accordance with GASB 39 are excluded from this statement. The pronouncement will be effective for year ending December 31, 2017.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LENA
Schedules of Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions
Wisconsin Retirement System
Last 10 Fiscal Years*

Schedule of Proportionate Share of the Net Pension Liability (Asset)

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| Village's proportion of the net pension liability (asset) | 0.00131267% | 0.00128485% |
| Village's proportionate share of the net pension liability (asset) | \$ 21,331 | \$ (31,559) |
| Village's covered-employee payroll | \$ 181,801 | \$ 167,098 |
| Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 11.73% | -18.89% |
| Plan fiduciary net position as a percentage for the total pension liability (asset) | 98.20% | 102.74% |

Schedule of Employer Contributions

| | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|
| Contractually required contributions | \$ 13,349 | \$ 12,725 |
| Contributions in relation to the contractually required contributions | (13,349) | (12,725) |
| Contribution deficiency (excess) | \$ - | \$ - |
| Village's covered-employee payroll | \$ 181,801 | \$ 167,098 |
| Contributions as a percentage of covered-employee payroll | 7.34% | 7.62% |

*The amounts presented for each year were determined as of the calendar year-end from the prior calendar year. Ten years of data will be accumulated beginning with 2015.

VILLAGE OF LENA

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For the Year Ended December 31, 2016

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--------------------------------------|-------------------|---|
| REVENUES | | | |
| Taxes | \$ 186,508 | \$ 186,116 | \$ (392) |
| Special Assessments | - | 815 | 815 |
| Intergovernmental | 201,800 | 200,950 | (850) |
| Licenses and Permits | 3,095 | 3,842 | 747 |
| Fines and Forfeits | 18,300 | 21,320 | 3,020 |
| Public Charges for Services | 14,600 | 20,066 | 5,466 |
| Miscellaneous | 19,240 | 27,143 | 7,903 |
| Total Revenues | <u>443,543</u> | <u>460,252</u> | <u>16,709</u> |
| EXPENDITURES | | | |
| General Government | 148,740 | 150,065 | (1,325) |
| Public Safety | 110,225 | 109,326 | 899 |
| Public Works | 128,245 | 125,248 | 2,997 |
| Culture and Recreation | 25,750 | 25,716 | 34 |
| Conservation and Development | 5,000 | 6,510 | (1,510) |
| Capital Outlay | 33,250 | 127,507 | (94,257) |
| Debt Service | 20,800 | 20,794 | 6 |
| Total Expenditures | <u>472,010</u> | <u>565,166</u> | <u>(93,156)</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(28,467)</u> | <u>(104,914)</u> | <u>(76,447)</u> |
| OTHER FINANCING SOURCES | | | |
| Sale of Assets | - | 1,200 | 1,200 |
| Proceeds from Long-Term Debt | - | 81,836 | 81,836 |
| Transfers In | 28,467 | 28,467 | - |
| Total Other Financing Sources | <u>28,467</u> | <u>111,503</u> | <u>83,036</u> |
| NET CHANGE IN FUND BALANCE | - | 6,589 | 6,589 |
| FUND BALANCE - BEGINNING | <u>349,613</u> | <u>349,613</u> | <u>-</u> |
| FUND BALANCE - ENDING | <u>\$ 349,613</u> | <u>\$ 356,202</u> | <u>\$ 6,589</u> |

VILLAGE OF LENA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fire Department Fund
For the Year Ended December 31, 2016

| | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|-----------------------------------|--|-------------------|---|
| REVENUES | | | |
| Intergovernmental Revenues | \$ 50,692 | \$ 50,135 | \$ (557) |
| Charges for Service | 5,000 | 7,356 | 2,356 |
| Investment Income | 100 | 250 | 150 |
| Donations | 10,000 | 32,649 | 22,649 |
| Miscellaneous | 46,258 | 47,599 | 1,341 |
| Total Revenues | 112,050 | 137,989 | 25,939 |
| EXPENDITURES | | | |
| Public Safety: | | | |
| Employee Benefits | 4,200 | 4,204 | (4) |
| Man Hours Expense | 6,000 | 6,796 | (796) |
| Clothing Allowance | 5,000 | 685 | 4,315 |
| Training Expense | 13,000 | 4,978 | 8,022 |
| Utilities | 5,550 | 5,753 | (203) |
| Insurance | 5,300 | 6,485 | (1,185) |
| Vehicle and Equipment Repairs | 24,000 | 20,285 | 3,715 |
| Fuel Expense | 2,800 | 1,521 | 1,279 |
| Miscellaneous | 6,200 | 23,805 | (17,605) |
| Debt Services | | | |
| Principal | 37,799 | 37,799 | - |
| Interest | 2,201 | 2,201 | - |
| Total Expenditures | 112,050 | 126,714 | (14,664) |
| NET CHANGE IN FUND BALANCE | - | 11,275 | 11,275 |
| FUND BALANCE - BEGINNING | 157,288 | 157,288 | - |
| FUND BALANCE - ENDING | \$ 157,288 | \$ 168,563 | \$ 11,275 |

VILLAGE OF LENA
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

BUDGETARY PROCESS

The Village follows these procedures in establishing the budgetary data:

- During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue funds. Budget is defined as the originally approved budget plus or minus approved amendments. There were no amendments during the year. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund and special revenue funds.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions had an excess of actual expenditures over budget for the year ended December 31, 2016:

| | |
|------------------------------|----------|
| General Fund | |
| General Government | \$ 1,325 |
| Conservation and Development | 1,510 |
| Capital Outlay | 94,257 |
| Fire Department Fund | |
| Public Safety: | |
| Employee Benefits | 4 |
| Man Hours Expense | 796 |
| Utilities | 203 |
| Insurance | 1,185 |
| Miscellaneous | 17,605 |

VILLAGE OF LENA
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

DEFINED BENEFIT PENSION PLAN

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in the assumptions.

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SUPPLEMENTARY INFORMATION

VILLAGE OF LENA
Schedule of Operating Revenues and Expenses
Water and Sewer Utility
For the Year Ended December 31, 2016

| | <u>Water</u> | <u>Sewer</u> | <u>Total</u> |
|--|---------------------|-----------------|---------------------|
| OPERATING REVENUES | | | |
| Metered Sales: | | | |
| Residential | \$ 41,990 | \$ 106,042 | \$ 148,032 |
| Commercial | 7,138 | 19,173 | 26,311 |
| Industrial | 193,144 | 19,429 | 212,573 |
| Public Authorities | 5,127 | 14,661 | 19,788 |
| Total Metered Sales | <u>247,399</u> | <u>159,305</u> | <u>406,704</u> |
| Public Fire Protection | 60,916 | - | 60,916 |
| Total Sales of Water | <u>308,315</u> | <u>159,305</u> | <u>467,620</u> |
| Other Operating Revenues: | | | |
| Customer Forfeited Discounts | 138 | 189 | 327 |
| Miscellaneous Operating Revenue | 1,659 | 183 | 1,842 |
| Total Operating Revenue | <u>310,112</u> | <u>159,677</u> | <u>469,789</u> |
| OPERATING EXPENSES | | | |
| Operation and Maintenance: | | | |
| Operation Labor | 68,745 | 34,030 | 102,775 |
| Power Purchased for Pumping | 22,720 | 18,989 | 41,709 |
| Chemicals | 21,604 | - | 21,604 |
| Maintenance and Repairs | 4,116 | 2,492 | 6,608 |
| Operating Supplies | 2,025 | 2,231 | 4,256 |
| Operating Transportation Expenses | 917 | 917 | 1,834 |
| Total Operation and Maintenance | <u>120,127</u> | <u>58,659</u> | <u>178,786</u> |
| Administrative and General: | | | |
| Salaries | 6,028 | 6,026 | 12,054 |
| Office Supplies | 4,734 | 603 | 5,337 |
| Outside Services Employed | 86,300 | 40,509 | 126,809 |
| Utilities | 15,169 | 8,535 | 23,704 |
| Property Insurance | 4,799 | 1,791 | 6,590 |
| Miscellaneous | 10,363 | 6,278 | 16,641 |
| Total Administrative and General Expenses | <u>127,393</u> | <u>63,742</u> | <u>191,135</u> |
| Other Operating Expenses: | | | |
| Depreciation | 134,116 | 94,290 | 228,406 |
| TOTAL OPERATING EXPENSES | <u>381,636</u> | <u>216,691</u> | <u>598,327</u> |
| OPERATING LOSS | <u>(71,524)</u> | <u>(57,014)</u> | <u>(128,538)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest Income | 433 | 592 | 1,025 |
| Interest Expense | (50,780) | (12,249) | (63,029) |
| Sale of Wastewater Treatment Plant Building | - | 75,000 | 75,000 |
| Total Non-Operating Revenues (Expenses) | <u>(50,347)</u> | <u>63,343</u> | <u>12,996</u> |
| CAPITAL CONTRIBUTIONS | 25,000 | - | 25,000 |
| TRANSFERS OUT | <u>(28,036)</u> | <u>(431)</u> | <u>(28,467)</u> |
| CHANGE IN NET POSITION | <u>\$ (124,907)</u> | <u>\$ 5,898</u> | <u>\$ (119,009)</u> |

VILLAGE OF LENA

Schedule of Detailed Budgetary Revenues and Other Financing Sources Comparison

General Fund

For the Year Ended December 31, 2016

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|--|----------------|---|
| TAXES | | | |
| General Property Taxes | \$ 186,508 | \$ 186,116 | \$ (392) |
| SPECIAL ASSESSMENTS | | | |
| | - | 815 | 815 |
| INTERGOVERNMENTAL | | | |
| Shared Revenues | 168,470 | 168,481 | 11 |
| General Highway Aids | 32,500 | 31,660 | (840) |
| Computer Aid | 350 | 329 | (21) |
| Police Training Aid | 480 | 480 | - |
| Total Intergovernmental | <u>201,800</u> | <u>200,950</u> | <u>(850)</u> |
| LICENSES AND PERMITS | | | |
| Liquor and Malt Beverage Licenses | 1,400 | 1,450 | 50 |
| Operators Licenses | 700 | 800 | 100 |
| Cigarette Licenses | 50 | 50 | - |
| Dog and Cat Licenses | 200 | 330 | 130 |
| Building Permits | 600 | 1,033 | 433 |
| Other Permits | 100 | 144 | 44 |
| License Publication Fees | 45 | 35 | (10) |
| Total Licenses and Permits | <u>3,095</u> | <u>3,842</u> | <u>747</u> |
| FINES AND FORFEITS | | | |
| Court Penalties and Fines | 18,000 | 21,020 | 3,020 |
| Parking Violations | 300 | 300 | - |
| Total Fines and Forfeits | <u>18,300</u> | <u>21,320</u> | <u>3,020</u> |
| PUBLIC CHARGES FOR SERVICES | | | |
| Clerk's Revenue | 100 | 63 | (37) |
| Police Department | 750 | 121 | (629) |
| Garbage Bag Revenue | 6,500 | 10,852 | 4,352 |
| Garbage and Dump Revenue | 150 | - | (150) |
| Recycling | 7,100 | 9,030 | 1,930 |
| Total Public Charges for Services | <u>14,600</u> | <u>20,066</u> | <u>5,466</u> |

VILLAGE OF LENA

Schedule of Detailed Budgetary Revenues and Other Financing Sources Comparison

General Fund

For the Year Ended December 31, 2016

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|--|-------------------|---|
| MISCELLANEOUS | | | |
| Miscellaneous General Revenue | \$ - | \$ 6,953 | \$ 6,953 |
| Interest Income | 500 | 641 | 141 |
| Rent | 18,740 | 19,549 | 809 |
| Total Miscellaneous | <u>19,240</u> | <u>27,143</u> | <u>7,903</u> |
| Total Revenues | <u>443,543</u> | <u>460,252</u> | <u>16,709</u> |
| OTHER FINANCING SOURCES | | | |
| Sale of Assets | - | 1,200 | 1,200 |
| Proceeds from Long-Term Debt | - | 81,836 | 81,836 |
| Transfers In from Utility | 28,467 | 28,467 | - |
| Total Other Financing Sources | <u>28,467</u> | <u>111,503</u> | <u>83,036</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 472,010</u> | <u>\$ 571,755</u> | <u>\$ 99,745</u> |

VILLAGE OF LENA
Schedule of Detailed Budgetary Expenditures Comparison
General Fund
For the Year Ended December 31, 2016

| EXPENDITURES | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|---------------------------------|--|----------------|---|
| GENERAL GOVERNMENT | | | |
| Village Board | \$ 10,765 | \$ 15,498 | \$ (4,733) |
| Village President | 2,155 | 115 | 2,040 |
| Municipal Court | 4,585 | 7,935 | (3,350) |
| Legal | 6,000 | 9,944 | (3,944) |
| Administrative | 1,370 | 1,575 | (205) |
| Clerk/Treasurer | 51,015 | 48,044 | 2,971 |
| Elections | 3,000 | 3,407 | (407) |
| Finance | 11,000 | 6,049 | 4,951 |
| Assessor | 4,620 | 4,405 | 215 |
| Village Hall Expenses | 11,200 | 14,306 | (3,106) |
| Insurance | 11,867 | 16,192 | (4,325) |
| Social Security | 18,420 | 19,661 | (1,241) |
| Health Insurance | | 210 | (210) |
| Travel Expense | 1,000 | 1,385 | (385) |
| Computer Expense | 3,000 | 1,099 | 1,901 |
| Web Page Expense | 1,500 | 240 | 1,260 |
| Contingency | 7,243 | - | 7,243 |
| Total General Government | 148,740 | 150,065 | (1,325) |
| PUBLIC SAFETY | | | |
| Police Salaries and Wages | 45,855 | 43,922 | 1,933 |
| Police Operations | 29,970 | 26,457 | 3,513 |
| Fire Protection | 27,200 | 23,885 | 3,315 |
| Rescue Squad | 6,000 | 12,504 | (6,504) |
| Building Inspection | 1,200 | 2,558 | (1,358) |
| Total Public Safety | 110,225 | 109,326 | 899 |
| PUBLIC WORKS | | | |
| Salaries and Wages | 24,000 | 36,082 | (12,082) |
| Clothing Allowance | 1,000 | 712 | 288 |
| Street Maintenance | 24,500 | 31,541 | (7,041) |
| Street Cleaning | 1,250 | 159 | 1,091 |
| Snow Removal | 8,000 | - | 8,000 |
| Street Lighting | 25,000 | 21,108 | 3,892 |
| Sidewalks | 5,000 | 1,411 | 3,589 |
| Street Signs and Markings | 6,500 | 11,762 | (5,262) |
| Bridges and Culverts | 7,500 | - | 7,500 |
| Sanitation | 9,000 | 8,996 | 4 |
| Recycling | 14,995 | 12,687 | 2,308 |
| Weed Cutting | 1,500 | 790 | 710 |
| Total Public Works | 128,245 | 125,248 | 2,997 |

VILLAGE OF LENA

Schedule of Detailed Budgetary Expenditures Comparison - Continued

General Fund

For the Year Ended December 31, 2016

| | Original and Final Budget | Actual | Variance Favorable (Unfavorable) |
|---|--|-------------------|---|
| CULTURE AND RECREATION | | | |
| General Recreation | \$ 3,250 | \$ 3,216 | \$ 34 |
| Library | 22,500 | 22,500 | - |
| Total Culture and Recreation | <u>25,750</u> | <u>25,716</u> | <u>34</u> |
| CONSERVATION AND DEVELOPMENT | | | |
| Community Development | 1,500 | 3,010 | (1,510) |
| Tourism | 3,500 | 3,500 | - |
| Total Conservation and Development | <u>5,000</u> | <u>6,510</u> | <u>(1,510)</u> |
| CAPITAL OUTLAY | | | |
| General Government | 16,750 | 6,750 | 10,000 |
| Building | - | 4,811 | (4,811) |
| Public Safety | 5,000 | - | 5,000 |
| Public Works | 11,500 | 113,705 | (102,205) |
| Conservation and Development | | 2,241 | (2,241) |
| Total Capital Outlay | <u>33,250</u> | <u>127,507</u> | <u>(94,257)</u> |
| DEBT SERVICE | | | |
| Principal | 14,335 | 14,333 | 2 |
| Interest | 6,465 | 6,461 | 4 |
| Total Debt Service | <u>20,800</u> | <u>20,794</u> | <u>6</u> |
| TOTAL EXPENDITURES | <u>\$ 472,010</u> | <u>\$ 565,166</u> | <u>\$ (93,156)</u> |

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