

**VILLAGE OF LENA**  
**Annual Financial Report**  
**December 31, 2014**

# VILLAGE OF LENA

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## INDEPENDENT AUDITORS' REPORT



## Independent Auditors' Report

Village Board  
Village of Lena  
Lena, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lena (Village) as of and for the year ended December 31, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. 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.

To the Village Board  
Village of Lena

### ***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, 2014, 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.

### ***Other Matters***

#### ***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 on pages 32 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

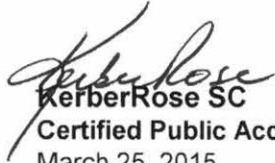
The supplementary information and the schedule of expenditures of federal awards are the responsibility of management. The schedule of operating revenues and expenses and detailed budgetary comparison, except the budget information, and the schedule of expenditures of federal awards were derived from and relate 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, and the schedule of expenditures of federal awards are 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.

To the Village Board  
Village of Lena

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015, on our consideration of the Village of Lena's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lena's internal control over financial reporting and compliance.

  
**KerberRose SC**  
**Certified Public Accountants**  
March 25, 2015

## FINANCIAL STATEMENTS

**VILLAGE OF LENA**  
Statement of Net Position  
As of December 31, 2014

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 634,949	\$ 163,188	\$ 798,137
Receivables:			
Taxes	126,828	-	126,828
Customer Accounts Receivable	-	28,445	28,445
Grants Receivable	-	192,412	192,412
Delinquent Personal Property Taxes	2,337	-	2,337
Special Assessments	3,889	8,110	11,999
Prepaid Expenses	5,595	1,489	7,084
Inventories	-	9,390	9,390
Restricted Cash	59,237	252,485	311,722
Certificate of Deposit	-	26,569	26,569
<b>Total Current Assets</b>	<u>832,835</u>	<u>682,088</u>	<u>1,514,923</u>
<b>Noncurrent Assets</b>			
Capital Assets:			
Capital Assets Not Being Depreciated	210,006	2,905,243	3,115,249
Other Capital Assets, Net of Depreciation	1,195,326	2,362,238	3,557,564
<b>Total Noncurrent Assets</b>	<u>1,405,332</u>	<u>5,267,481</u>	<u>6,672,813</u>
<b>TOTAL ASSETS</b>	<u>2,238,167</u>	<u>5,949,569</u>	<u>8,187,736</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	20,949	570,040	590,989
Accrued Liabilities	43,690	9,397	53,087
Accrued Interest Payable	7,342	11,818	19,160
Current Portion of Compensated Absences	7,614	9,343	16,957
Current Portion of Long-Term Obligations	50,596	39,152	89,748
<b>Total Current Liabilities</b>	<u>130,191</u>	<u>639,750</u>	<u>769,941</u>
<b>Noncurrent Liabilities</b>			
Noncurrent Portion of Long-Term Obligations	249,560	1,980,418	2,229,978
<b>TOTAL LIABILITIES</b>	<u>379,751</u>	<u>2,620,168</u>	<u>2,999,919</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Taxes Levied for Subsequent Year	186,065	-	186,065
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,112,790	3,247,911	4,360,701
Restricted	-	252,485	252,485
Unrestricted	559,561	(170,995)	388,566
<b>TOTAL NET POSITION</b>	<u>\$ 1,672,351</u>	<u>\$ 3,329,401</u>	<u>\$ 5,001,752</u>

See Accompanying Notes

**VILLAGE OF LENA**  
Statement of Activities  
For the Year Ended December 31, 2014

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
General Government	\$ 142,903	\$ 2,647	\$ -
Public Safety	192,058	104,737	43,033
Public Works	154,087	16,886	31,486
Culture and Recreation	85,976	2,313	36,666
Conservation and Development	6,122	-	-
Interest and Fiscal Charges	10,795	-	-
<b>Total Governmental Activities</b>	<u>591,941</u>	<u>126,583</u>	<u>111,185</u>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water	151,101	150,735	949,145
Sewer	190,619	149,592	-
<b>Total Business-Type Activities</b>	<u>341,720</u>	<u>300,327</u>	<u>949,145</u>
<b>TOTAL</b>	<u>\$ 933,661</u>	<u>\$ 426,910</u>	<u>\$ 1,060,330</u>

**GENERAL REVENUES**

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Library

Intergovernmental Revenues not Restricted to

Specific Programs

Investment Income

Rental Income

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**

<b>Capital Grants</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ -	\$ (140,256)	\$ -	\$ (140,256)
-	(44,288)	-	(44,288)
-	(105,715)	-	(105,715)
-	(46,997)	-	(46,997)
-	(6,122)	-	(6,122)
-	(10,795)	-	(10,795)
-	(354,173)	-	(354,173)
-	-	948,779	948,779
-	-	(41,027)	(41,027)
-	-	907,752	907,752
<u>\$ -</u>	<u>(354,173)</u>	<u>907,752</u>	<u>553,579</u>
	163,090	-	163,090
	34,500	-	34,500
	166,097	-	166,097
	1,399	2,809	4,208
	16,339	-	16,339
	11,368	-	11,368
	<u>392,793</u>	<u>2,809</u>	<u>395,602</u>
	<u>27,325</u>	<u>(27,325)</u>	<u>-</u>
	65,945	883,236	949,181
	<u>1,606,406</u>	<u>2,446,165</u>	<u>4,052,571</u>
<u>\$ 1,672,351</u>	<u>\$ 3,329,401</u>	<u>\$ 5,001,752</u>	

See Accompanying Notes

**VILLAGE OF LENA**  
Balance Sheet  
Governmental Funds  
As of December 31, 2014

	General	Fire Department	Library	Total
<b>ASSETS</b>				
Cash	\$ 379,163	\$ 150,331	\$ 105,455	\$ 634,949
Receivables:				
Taxes	126,828	-	-	126,828
Delinquent Personal Property Taxes	2,337	-	-	2,337
Special Assessments	3,889	-	-	3,889
Prepaid Expenses	3,277	1,564	754	5,595
Restricted Cash	59,237	-	-	59,237
<b>TOTAL ASSETS</b>	<u>\$ 574,731</u>	<u>\$ 151,895</u>	<u>\$ 106,209</u>	<u>\$ 832,835</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 17,836	\$ 2,115	\$ 998	\$ 20,949
Accrued Liabilities	24,912	15,109	3,669	43,690
<b>Total Liabilities</b>	<u>42,748</u>	<u>17,224</u>	<u>4,667</u>	<u>64,639</u>
Deferred Inflows of Resources:				
Taxes Levied for Subsequent Year	186,065	-	-	186,065
Unavailable Special Assessments	3,889	-	-	3,889
<b>Total Deferred Inflows of Resources</b>	<u>189,954</u>	<u>-</u>	<u>-</u>	<u>189,954</u>
Fund Balances				
Nonspendable:				
Prepaid Expenses	3,277	1,564	754	5,595
Delinquent Personal Property Tax	2,337	-	-	2,337
Committed:				
Fire Suppression	-	133,107	-	133,107
Library Operations	-	-	100,788	100,788
Assigned:				
Equipment Fund	35,400	-	-	35,400
Ditch Maintenance	9,931	-	-	9,931
Building Fund	19,222	-	-	19,222
Police Equipment Fund	12,218	-	-	12,218
Street Maintenance	13,013	-	-	13,013
Unassigned	246,631	-	-	246,631
<b>Total Fund Balances</b>	<u>342,029</u>	<u>134,671</u>	<u>101,542</u>	<u>578,242</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 574,731</u>	<u>\$ 151,895</u>	<u>\$ 106,209</u>	<u>\$ 832,835</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, 2014

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**Total Fund Balances - Governmental Funds** \$ 578,242

***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	3,328,388	
Governmental Accumulated Depreciation	<u>(1,923,056)</u>	1,405,332

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		3,889
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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	(292,542)	
Accrued Interest on General Obligation Debt	(7,342)	
Vested Employee Benefits	<u>(15,228)</u>	<u>(315,112)</u>

**Total Net Position - Governmental Activities** \$ 1,672,351

**VILLAGE OF LENA**

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended December 31, 2014

	General	Fire Department	Library	Total
<b>REVENUES</b>				
Taxes	\$ 163,090	\$ -	\$ 34,500	\$ 197,590
Special Assessments	7,855	-	-	7,855
Intergovernmental	197,743	88,629	34,289	320,661
Licenses and Permits	4,005	-	-	4,005
Fines and Forfeits	20,824	-	-	20,824
Public Charges for Services	17,171	2,424	2,147	21,742
Miscellaneous	28,159	32,265	5,314	65,738
<b>Total Revenues</b>	<u>438,847</u>	<u>123,318</u>	<u>76,250</u>	<u>638,415</u>
<b>EXPENDITURES</b>				
Current:				
General Government	141,044	-	-	141,044
Public Safety	97,571	67,173	-	164,744
Public Works	122,173	-	-	122,173
Culture and Recreation	169	-	79,755	79,924
Conservation and Development	6,122	-	-	6,122
Capital Outlay	1,996	-	-	1,996
Debt Service:				
Principal Retirement	13,313	35,719	-	49,032
Interest and Fiscal Charges	7,480	4,281	-	11,761
<b>Total Expenditures</b>	<u>389,868</u>	<u>107,173</u>	<u>79,755</u>	<u>576,796</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>48,979</u>	<u>16,145</u>	<u>(3,505)</u>	<u>61,619</u>
<b>OTHER FINANCING SOURCE</b>				
Transfer In	27,325	-	-	27,325
<b>NET CHANGE IN FUND BALANCES</b>	<u>76,304</u>	<u>16,145</u>	<u>(3,505)</u>	<u>88,944</u>
<b>FUND BALANCES - BEGINNING - AS RESTATED</b>	<u>265,725</u>	<u>118,526</u>	<u>105,047</u>	<u>489,298</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 342,029</u>	<u>\$ 134,671</u>	<u>\$ 101,542</u>	<u>\$ 578,242</u>

## 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, 2014

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>88,944</b>
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***Amounts reported for governmental activities in the statement of activities are different because:***

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	8,683	
Depreciation expense reported in the statement of activities	<u>(76,919)</u>	
Amount by which depreciation is more than capital outlay in the current period.		(68,236)

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	18,226	
Compensated absences benefits earned in current year	<u>(15,133)</u>	
Amounts paid are more than amounts earned by		3,093

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.

49,032

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Special Assessments		(7,855)
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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	11,762	
The amount of interest accrued during the current period	<u>(10,795)</u>	
Interest paid is more than interest accrued by		<u>967</u>

<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>65,945</u></b>
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**VILLAGE OF LENA**  
Statement of Net Position  
Proprietary Fund  
As of December 31, 2014

	<b>Water and Sewer Utility</b>
<b>CURRENT ASSETS</b>	
Cash	\$ 163,188
Receivables:	
Customer Accounts Receivable	28,445
Grants Receivable	192,412
Special Assessments	8,110
Prepaid Expenses	1,489
Inventories	9,390
Restricted Cash	252,485
Certificate of Deposit	26,569
<b>Total Current Assets</b>	<b>682,088</b>
<b>NON-CURRENT ASSETS</b>	
Capital Assets	
Water:	
Plant in Service	1,600,558
Construction in Progress	2,904,480
Accumulated Depreciation	(545,427)
Sewer:	
Plant in Service	3,187,651
Accumulated Depreciation	(1,879,781)
<b>Total Non-Current Assets</b>	<b>5,267,481</b>
<b>TOTAL ASSETS</b>	<b>5,949,569</b>
<b>CURRENT LIABILITIES</b>	
Accounts Payable	570,040
Accrued Payroll Expense	9,397
Accrued Interest	11,818
Accrued Compensated Absences	9,343
Current Portion of Long-Term Obligations	39,152
<b>Total Current Liabilities</b>	<b>639,750</b>
<b>NON-CURRENT LIABILITIES</b>	
Noncurrent Portion of Long-Term Obligations	1,980,418
<b>TOTAL LIABILITIES</b>	<b>2,620,168</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	3,247,911
Restricted	252,485
Unrestricted Deficit	(170,995)
<b>TOTAL NET POSITION</b>	<b>\$ 3,329,401</b>

See Accompanying Notes

**VILLAGE OF LENA**

Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2014

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	<b>Water and Sewer Utility</b>
	<hr/>
<b>OPERATING REVENUES</b>	<b>\$ 300,327</b>
	<hr/>
<b>OPERATING EXPENSES</b>	
Operation and Maintenance	148,841
Administration and General	36,891
Depreciation	121,192
<b>Total Operating Expenses</b>	<b>306,924</b>
	<hr/>
<b>OPERATING LOSS</b>	<b>(6,597)</b>
	<hr/>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment Income	2,809
Interest Expense	(34,796)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(31,987)</b>
	<hr/>
<b>LOSS BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>(38,584)</b>
	<hr/>
<b>CONTRIBUTED CAPITAL</b>	<b>949,145</b>
	<hr/>
<b>TRANSFERS OUT</b>	<b>(27,325)</b>
	<hr/>
<b>CHANGE IN NET POSITION</b>	<b>883,236</b>
	<hr/>
<b>NET POSITION - BEGINNING</b>	<b>2,446,165</b>
	<hr/>
<b>NET POSITION - ENDING</b>	<b>\$ 3,329,401</b>
	<hr/>

See Accompanying Notes

**VILLAGE OF LENA**  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2014

	<b>Water and Sewer Utility</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 335,343
Cash Paid to Suppliers for Goods and Services	(149,200)
Cash Paid to Employees for Services	(96,114)
<b>Net Cash Flows From Operating Activities</b>	<u>90,029</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Tax Equivalent Paid to Municipality	<u>(27,325)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income Received	2,809
Redemptions of Certificate of Deposit	42,685
<b>Net Cash Flows From Investing Activities</b>	<u>45,494</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(2,200,408)
Proceeds from Short-Term Borrowing	3,400,000
Proceeds from Long-Term Debt	1,554,354
Principal Payments on Short-Term Borrowing	(3,400,000)
Principal Payments on Long-Term Debt	(37,736)
Interest Paid	(33,578)
Capital Contributions	756,733
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<u>39,365</u>
<b>NET INCREASE IN CASH</b>	147,563
<b>CASH - BEGINNING</b>	<u>268,110</u>
<b>CASH - ENDING</b>	<u><u>\$ 415,673</u></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Loss	\$ (6,597)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Non-Cash Items:	
Depreciation	121,192
Changes in Operating Assets and Liabilities:	
Accounts Receivable	35,016
Prepaid Expenses	(676)
Inventories	(3,547)
Accounts Payable	9,632
Due to Other Funds	(62,488)
Accrued Liabilities	(2,503)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 90,029</u></u>

See Accompanying Notes

**VILLAGE OF LENA**  
Statement of Cash Flows - Continued  
Proprietary Fund  
For the Year Ended December 31, 2014

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	<u>Water and Sewer Utility</u>
<b>RECONCILIATION OF CASH PER STATEMENT OF NET POSITION TO STATEMENT OF CASH FLOWS</b>	
Statement of Net Position Proprietary Fund:	
Cash	\$ 163,188
Restricted Cash	<u>252,485</u>
<b>CASH PER STATEMENT OF CASH FLOWS</b>	<u><u>\$ 415,673</u></u>
<b>SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of utility plant on account	\$ 550,927

**VILLAGE OF LENA**  
Statement of Net Position  
Fiduciary Fund  
As of December 31, 2014

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	<u>Agency</u>
<b>ASSETS</b>	
Cash	\$ 164,166
Taxes Receivable	<u>351,487</u>
<b>Total Assets</b>	<u>515,653</u>
 <b>LIABILITIES</b>	
Due to Other Taxing Units	<u><u>\$ 515,653</u></u>



## **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. 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.

### **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 is 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 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, or (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.

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

The Village reports the following major proprietary fund:

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

**Fiduciary Funds**

The Village reports the following agency fund:

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.

**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, current deferred outflows of resources, current liabilities, and current 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 fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**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**

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.

**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, 2014

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**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. 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 estimated fair 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 are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Years</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Buildings, Improvements, and Utility Plant	20 - 50	25 - 100
Machinery and Equipment	3 - 10	3 - 10
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 reports 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 government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and balance sheet reports 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 only one type of item that qualify for reporting in this category. Accordingly, *taxes levied for subsequent year* 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. The Village has not delegated that authority to others. 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 not adopted a minimum fund balance policy.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

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**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.

**NOTE 2 - CASH**

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, 2014, the Village's bank balance of cash was \$1,368,175. 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.

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, 2014, 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 above.

The following represents a summary of deposits as of December 31, 2014:

Fully Insured Deposits	\$ 397,700
Collateralized with Securities held by the Pledging of Financial Institution in the Village's Name	970,475
Total	<u>\$ 1,368,175</u>



**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

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**NOTE 3 - RESTRICTED ASSETS**

Restricted assets on December 31, 2014 consisted of cash totaling \$311,722 held for the following purposes:

General Fund	
Advance Tax Collection	\$ 59,237
Enterprise Fund	
Equipment Replacement	244,361
Debt Service	<u>8,124</u>
Total Restricted Assets	<u>\$ 311,722</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**

There were no interfund receivables and payables between individual funds of the Village as of December 31, 2014.

Interfund transfers for the year ended December 31, 2014 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>
Water and Sewer Utility	General Fund	<u>\$ 27,325</u>	Tax Equivalent

**NOTE 6 - SHORT-TERM NOTES PAYABLE**

The Village issued a \$3,400,000 water system revenue anticipation note with an interest rate of 0.75% and a maturity date of November 1, 2014, depositing the proceeds in its Water and Sewer Utility Fund. Due to the timing of federal grants and long-term loans through the Safe Drinking Water Program, this note was necessary for the Village to meet its cash flow needs related to the radium removal water project. The note was paid off prior to December 31, 2014. Total interest expense on the short-term note for the year totaled \$15,729.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

**NOTE 7 - CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not being				
Depreciated:				
Land and Improvements	\$ 210,006	\$ -	\$ -	\$ 210,006
Other Capital Assets				
Buildings and Improvements	930,271	-	-	930,271
Machinery and Equipment	1,874,926	8,683	7,161	1,876,448
Infrastructure	311,663	-	-	311,663
Total Capital Assets being				
Depreciated	3,116,860	8,683	7,161	3,118,382
Less Accumulated Depreciation for:				
Buildings and Improvements	(450,376)	(20,921)	-	(471,297)
Machinery and Equipment	(1,366,705)	(49,294)	(7,161)	(1,408,838)
Infrastructure	(36,217)	(6,704)	-	(42,921)
Total Accumulated				
Depreciation	(1,853,298)	(76,919)	(7,161)	(1,923,056)
Total Capital Assets Being				
Depreciated, Net of				
Depreciation	1,263,562	(68,236)	-	1,195,326
Governmental Activities Capital				
Assets, Net of Accumulated				
Depreciation	<u>\$ 1,473,568</u>	<u>\$ (68,236)</u>	<u>\$ -</u>	<u>\$ 1,405,332</u>
<b>Business-Type Activities</b>				
Capital Assets not Being				
Depreciated:				
Land	\$ 763	\$ -	\$ -	\$ 763
Construction in Progress	172,324	2,732,156	-	2,904,480
Total Capital Assets not being				
Depreciated	173,087	2,732,156	-	2,905,243
Capital Assets being Depreciated				
Utility Plant	4,769,172	19,179	905	4,787,446
Less: Accumulated				
Depreciation	(2,304,921)	(121,192)	(905)	(2,425,208)
Total Capital Assets being				
Depreciated, Net of Depreciation	2,464,251	(102,013)	-	2,362,238
Business-Typ Activities Capital				
Assets, Net of Accumulated				
Depreciation	<u>\$ 2,637,338</u>	<u>\$ 2,630,143</u>	<u>\$ -</u>	<u>\$ 5,267,481</u>

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

**NOTE 7 - CAPITAL ASSETS (Continued)**

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

<b>Governmental Activities:</b>	
General Government	\$ 4,951
Public Safety	35,997
Public Works	29,918
Culture and Recreation	6,053
Total Depreciation Expense - Governmental Activities	<u>\$ 76,919</u>
<b>Business-Type Activities:</b>	
Water Utility	\$ 33,755
Sewer Utility	87,437
Total Depreciation Expense - Business-Type Activities	<u>\$ 121,192</u>

**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, 2014:

	<u>Outstanding 1/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding 12/31/14</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
General Obligation Debt					
State Trust Fund Loans	\$ 192,426	\$ -	\$ 13,313	\$ 179,113	\$ 13,851
Capital Lease	149,148	-	35,719	113,429	36,745
Total General Obligation Debt	341,574	-	49,032	292,542	50,596
Vested Compensated Absences	18,321	15,133	18,226	15,228	7,614
Total Governmental Activities Long-Term Liabilities	<u>\$ 359,895</u>	<u>\$ 15,133</u>	<u>\$ 67,258</u>	<u>\$ 307,770</u>	<u>\$ 58,210</u>
<b>Business-Type Activities:</b>					
General Obligation Debt					
State Trust Fund Loans	\$ 290,211	\$ -	\$ 24,836	\$ 265,375	\$ 25,932
Clean Water Loans	212,741	-	12,900	199,841	13,220
Safe Drinking Water Loan	-	1,554,354	-	1,554,354	-
Total Business-Type Activities Long-Term Liabilities	<u>\$ 502,952</u>	<u>\$ 1,554,354</u>	<u>\$ 37,736</u>	<u>\$ 2,019,570</u>	<u>\$ 39,152</u>

Total interest paid during the year on long-term debt totaled \$29,610.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

**NOTE 8 - LONG-TERM OBLIGATIONS (Continued)**

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/14</u>
<b>Governmental Activities</b>					
<b>Long-Term Obligations</b>					
2011 State Trust Loan	10/12/11	03/15/21	3.75%	\$ 73,086	\$ 59,492
2012 State Trust Loan	03/06/12	03/15/21	3.75%	21,914	17,668
2012 State Trust Loan	05/01/12	03/15/32	4.00%	110,000	101,953
Capital Lease	06/14/12	06/14/17	2.87%	293,908	113,429
Total Governmental Activities Long-Term Obligations					<u>\$ 292,542</u>

**Business-Type Activities**

**Long-Term Obligations**

2005 State Trust Fund Loan	10/24/05	03/15/25	5.00%	\$ 79,878	\$ 55,924
2005 State Trust Fund Loan	12/13/05	03/15/25	5.00%	120,122	83,560
2011 State Trust Fund Loan	10/12/11	03/15/21	3.75%	119,245	97,066
2012 State Trust Fund Loan	03/06/12	03/15/21	3.75%	35,754	28,825
2007 Clean Water Fund Loan	05/09/07	05/01/27	2.475%	283,857	199,841
2014 Safe Drinking Water Loan	10/22/14	05/01/34	1.925%	1,554,354	1,554,354
Total Business-Type Activities Long-Term Obligations					<u>\$ 2,019,570</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>
2015	\$ 50,596	\$ 10,279	\$ 39,152	\$ 43,975	\$ 89,748	\$ 54,254
2016	52,173	8,703	109,095	44,410	161,268	53,113
2017	53,824	7,051	111,920	41,569	165,744	48,620
2018	15,517	5,359	114,810	38,662	130,327	44,021
2019	16,115	4,760	117,785	35,669	133,900	40,429
2020-2024	50,084	15,478	571,045	132,619	621,129	148,097
2025-2029	31,878	8,400	490,687	68,168	522,565	76,568
2030-2034	22,355	1,813	465,076	22,723	487,431	24,536
	<u>\$ 292,542</u>	<u>\$ 61,843</u>	<u>\$ 2,019,570</u>	<u>\$ 427,795</u>	<u>\$ 2,312,112</u>	<u>\$ 489,638</u>

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

The 2014 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$29,204,700. The legal debt limit and margin of indebtedness as of December 31, 2014, in accordance with Wisconsin Statutes follows:

Debt Limit (5% of \$29,204,700)	\$ 1,460,235
Deduct Long-Term Debt Applicable to Debt Margin	<u>444,488</u>
Remaining Margin of Indebtedness Available	<u>\$ 1,015,747</u>

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

**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 \$233,680. Principal and interest paid for the current year and total sewerage system net revenues were \$18,006 and \$149,592, 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 \$1,883,096. There were no principal and interest payments required for the current year and total water system net revenues were \$150,735.

**NOTE 9 - FUND EQUITY**

**GOVERNMENT-WIDE STATEMENTS**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Net Investment in Capital Assets			
Net Capital Assets	\$ 1,405,332	\$ 5,267,481	\$ 6,672,813
Less: Related Long-Term Debt Outstanding	292,542	2,019,570	2,312,112
Net Investment in Capital Assets	1,112,790	3,247,911	4,360,701
Restricted for:			
Equipment Replacement	-	244,361	244,361
Debt Service	-	8,124	8,124
Total Restricted	-	252,485	252,485
Unrestricted (Deficit)	559,561	(170,995)	388,566
Total Government-Wide Net Position	\$ 1,672,351	\$ 3,329,401	\$ 5,001,752

**NOTE 10 - DEFINED BENEFIT PENSION PLAN**

All eligible Village of Lena employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating System 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 System. All employees, initially employed by a participating System 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 System.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

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**NOTE 10 - DEFINED BENEFIT PENSION PLAN (Continued)**

Employees are required to contribute one-half of the actuarially determined contribution rate for General category employees, including 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. Contribution rates for 2014 are:

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

The payroll for the Village of Lena employees covered by the System for the year ended December 31, 2014, was \$197,837; the employer's total payroll was \$240,048. The total required contributions for the year ended December 31, 2014, was \$29,003, which consisted of \$15,154, or 7.7% of payroll from the employer, and \$13,849, or 7.0% from the employees. Total contributions for the years ended December 31, 2013 and 2012 were \$25,949 and \$23,995, respectively.

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

The System also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

**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.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

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**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

The Village started a project to reduce the level of radionuclides in its public water system during the current year and has construction in progress of \$2,904,480. The total cost of the project is projected to be approximately \$3,970,000. Financing for the project will include \$2,785,288 in long-term bonds from a Safe Drinking Water Loan, \$500,000 in loan principle forgiveness from the Safe Drinking Water Loan, and \$750,000 from CDBG. The project is expected to be completed in 2015. As of December 31, 2014, approximately \$2,900,000 has been spent on this project leaving a balance of approximately \$1,100,000 of commitments to various contractors.

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, 2014, 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.

**NOTE 13 - MAJOR CUSTOMER**

Saputo Cheese USA accounted for \$94,959 of the water and sewer utility revenues during 2014.

**NOTE 14 - SUBSEQUENT EVENT**

In September 2014, the Village applied to the Public Service Commission (PSC) for a Conventional Rate Increase under Docket 3120-WR-105. On January 14, 2015, the PSC authorized a 97% rate increase with an effective date of March 16, 2015 due to a 227 percent increase in gross plant investment (including a radium treatment plant) and a 95 percent increase in operating expenses since the last water rate case was completed in 2006.

**NOTE 15 - UPCOMING ACCOUNTING POUNCEMENT**

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and requires supplementary information (RSI). The Village is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.



**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2014

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**NOTE 16 - RESTATEMENT OF BEGINNING BALANCES**

The beginning fund balance of the general fund has been restated on the fund financial statements to recognize the deferred property tax equivalent as revenue since the money is transferred at year-end. A reconciliation of the prior period ending fund balance to the current year beginning fund balance for the fund is as follows:

**General Fund**

Fund Balance – December 31, 2013 (as previously reported)	\$ 238,401
Correction to Remove Deferred Revenue for Property Tax Equivalent	<u>27,324</u>
Fund Balance – As Restated December 31, 2013	<u>\$ 265,725</u>

The effect of this restatement for the year ended December 31, 2013 was an increase in the amount previously reported as change in fund balance by approximately \$900 due to a timing difference in recording revenue from property tax equivalent.

The beginning fund balance of the fire department fund has been restated on the fund financial statements to record a prior period adjustment to correct activity from the Lena Fireman's Fund not recorded in prior years as well as a correction for annual fire billings. A reconciliation of the prior period ending fund balance to the current year beginning fund balance for the fund is as follows:

**Fire Department Fund**

Fund Balance – December 31, 2013 (as previously reported)	\$ 85,125
Correction to Record Cash Available	8,681
Correction of Fire Department Annual Billings	<u>24,720</u>
Fund Balance – As Restated December 31, 2013	<u>\$ 118,526</u>

The effect of this restatement for the year ended December 31, 2013 was an increase in the amount previously reported as change in fund balance by approximately \$33,000.

The beginning net position of the governmental activities in the government-wide statement of net position has also been restated to record a prior period adjustment to correct activity from the Lena Fireman's Fund not recorded in prior years as well as a correction for annual fire billings. In addition, the property tax equivalent paid over to the Utility is recognized with a transfer between funds. Therefore, the revenue is recognized at year-end. A reconciliation of the prior period ending net position to the current year beginning net position for the governmental activities is as follows:

**Government-Wide**

Net Position – December 31, 2013 (as previously reported)	\$ 1,545,681
Correction to Record Cash Available	8,681
Correction of Fire Department Annual Billings	24,720
Correction to Remove Deferred Revenue for Property Tax Equivalent	<u>27,324</u>
Net Position – As Restated December 31, 2013	<u>\$ 1,606,406</u>

The effect of this restatement for the year ended December 31, 2013 was an increase in the amount previously reported as change in net position by approximately \$33,000.



## REQUIRED SUPPLEMENTARY INFORMATION

**VILLAGE OF LENA**

## Schedule of Revenues, Expenditures and Changes in Fund Balance

## Budget and Actual

## General Fund

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Taxes	\$ 185,590	\$ 163,090	\$ (22,500)
Special Assessments	-	7,855	7,855
Intergovernmental	198,034	197,743	(291)
Licenses and Permits	3,395	4,005	610
Fines and Forfeits	23,000	20,824	(2,176)
Public Charges for Services	16,050	17,171	1,121
Miscellaneous	21,113	28,159	7,046
<b>Total Revenues</b>	<u>447,182</u>	<u>438,847</u>	<u>(8,335)</u>
<b>EXPENDITURES</b>			
General Government	139,675	141,044	(1,369)
Public Safety	96,870	97,571	(701)
Public Works	131,990	122,173	9,817
Culture and Recreation	22,750	169	22,581
Conservation and Development	7,800	6,122	1,678
Capital Outlay	52,303	1,996	50,307
Debt Service	20,794	20,793	1
<b>Total Expenditures</b>	<u>472,182</u>	<u>389,868</u>	<u>82,314</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(25,000)</u>	<u>48,979</u>	<u>73,979</u>
<b>OTHER FINANCING SOURCE</b>			
Transfers In	<u>25,000</u>	<u>27,325</u>	<u>2,325</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	76,304	76,304
<b>FUND BALANCE - BEGINNING - RESTATED</b>	<u>265,725</u>	<u>265,725</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 265,725</u>	<u>\$ 342,029</u>	<u>\$ 76,304</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, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 92,342	\$ 88,629	\$ (3,713)
Charges for Service	5,000	2,424	(2,576)
Investment Income	100	197	97
Donations	10,000	29,005	19,005
Miscellaneous	2,500	3,063	563
<b>Total Revenues</b>	<u>109,942</u>	<u>123,318</u>	<u>13,376</u>
<b>EXPENDITURES</b>			
Public Safety:			
Salaries and Wages	1,800	1,268	532
Employee Benefits	125	40	85
Man Hours Expense	6,000	8,293	(2,293)
Clothing Allowance	5,000	488	4,512
Training Expense	13,000	10,691	2,309
Utilities	6,500	6,152	348
Insurance	8,350	6,124	2,226
Vehicle and Equipment Repairs	13,500	14,613	(1,113)
Fuel Expense	2,800	1,764	1,036
Miscellaneous	4,900	17,740	(12,840)
Debt Services			
Principal	35,719	35,719	-
Interest	4,281	4,281	-
<b>Total Expenditures</b>	<u>101,975</u>	<u>107,173</u>	<u>(5,198)</u>
<b>NET CHANGE IN FUND BALANCE</b>	7,967	16,145	8,178
<b>FUND BALANCE - BEGINNING - AS RESTATED</b>	<u>118,526</u>	<u>118,526</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 126,493</u>	<u>\$ 134,671</u>	<u>\$ 8,178</u>

**VILLAGE OF LENA**

## Schedule of Revenues, Expenditures and Changes in Fund Balance

## Budget and Actual

## Library Fund

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
General Property Taxes	\$ 22,500	\$ 34,500	\$ 12,000
Intergovernmental	35,599	34,289	(1,310)
Public Charges for Services	4,000	2,147	(1,853)
Investment Income	200	259	59
Donations	800	5,055	4,255
<b>Total Revenues</b>	<u>63,099</u>	<u>76,250</u>	<u>13,151</u>
<b>EXPENDITURES</b>			
Culture and Recreation:			
Salaries and Wages	42,900	45,375	(2,475)
Employee Benefits	9,200	11,694	(2,494)
Training Expense	600	147	453
Books, Videos and Periodicals	4,500	4,914	(414)
Automation Expense	4,500	4,387	113
Utilities	3,900	4,846	(946)
Office Supplies	1,200	2,790	(1,590)
Building Expenses	2,000	3,847	(1,847)
Miscellaneous	2,000	1,755	245
<b>Total Expenditures</b>	<u>70,800</u>	<u>79,755</u>	<u>(8,955)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(7,701)	(3,505)	4,196
<b>FUND BALANCE - BEGINNING</b>	<u>105,047</u>	<u>105,047</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 97,346</u>	<u>\$ 101,542</u>	<u>\$ 4,196</u>

**VILLAGE OF LENA**  
Notes to Budgetary Comparison Schedules  
For the Year Ended December 31, 2014

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**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, 2014:

General Fund		
General Government	\$	1,370
Public Safety		701
Fire Department Fund		
Public Safety:		
Man Hours Expense		2,293
Vehicle and Equipment Repairs		1,113
Miscellaneous		12,840
Library Fund		
Culture and Recreation:		
Salaries and Wages		2,475
Employee Benefits		2,494
Books, Videos and Periodicals		414
Utilities		946
Office Supplies		1,590
Building Expenses		1,847

## SUPPLEMENTARY INFORMATION

**VILLAGE OF LENA**  
Schedule of Operating Revenues and Expenses  
Water and Sewer Utility  
For the Year Ended December 31, 2014

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Metered Sales:			
Residential	\$ 26,738	\$ 97,607	\$ 124,345
Commercial	4,298	28,112	32,410
Industrial	76,292	8,280	84,572
Public Authorities	2,997	15,593	18,590
<b>Total Metered Sales</b>	<u>110,325</u>	<u>149,592</u>	<u>259,917</u>
Private Fire Protection	1,332	-	1,332
Public Fire Protection	34,667	-	34,667
<b>Total Sales of Water</b>	<u>146,324</u>	<u>149,592</u>	<u>295,916</u>
Other Operating Revenues:			
Miscellaneous Operating Revenue	4,411	-	4,411
<b>Total Operating Revenue</b>	<u>150,735</u>	<u>149,592</u>	<u>300,327</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance:			
Operation Labor	45,731	34,138	79,869
Power Purchased for Pumping	26,463	27,808	54,271
Chemicals for Sewage Treatment	1,138	-	1,138
Maintenance and Repairs	3,220	6,344	9,564
Operating Supplies	76	1,351	1,427
Operating Transportation Expenses	1,286	1,286	2,572
<b>Total Operation and Maintenance</b>	<u>77,914</u>	<u>70,927</u>	<u>148,841</u>
Administrative and General:			
Salaries	7,080	6,662	13,742
Office Supplies	555	109	664
Outside Services Employed	2,111	9,746	11,857
Utilities	1,267	462	1,729
Property Insurance	1,674	2,043	3,717
Miscellaneous	1,389	3,793	5,182
<b>Total Administrative and General Expenses</b>	<u>14,076</u>	<u>22,815</u>	<u>36,891</u>
Other Operating Expenses:			
Depreciation	33,755	87,437	121,192
<b>TOTAL OPERATING EXPENSES</b>	<u>125,745</u>	<u>181,179</u>	<u>306,924</u>
<b>OPERATING INCOME (LOSS)</b>	<u>24,990</u>	<u>(31,587)</u>	<u>(6,597)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	2,022	787	2,809
Interest Expense	(25,356)	(9,440)	(34,796)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(23,334)</u>	<u>(8,653)</u>	<u>(31,987)</u>
<b>CAPITAL CONTRIBUTIONS</b>	949,145	-	949,145
<b>TRANSFERS OUT</b>	<u>(26,950)</u>	<u>(375)</u>	<u>(27,325)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 923,851</u>	<u>\$ (40,615)</u>	<u>\$ 883,236</u>

**VILLAGE OF LENA**

## Schedule of Detailed Budgetary Revenues and Other Financing Source Comparison

## General Fund

For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>TAXES</b>			
General Property Taxes	\$ 185,590	\$ 163,090	\$ (22,500)
<b>SPECIAL ASSESSMENTS</b>	-	7,855	7,855
<b>INTERGOVERNMENTAL</b>			
Shared Revenues	165,762	165,776	14
General Highway Aids	31,492	31,486	(6)
Computer Aid	300	321	21
Police Training Aid	480	160	(320)
<b>Total Intergovernmental</b>	<b>198,034</b>	<b>197,743</b>	<b>(291)</b>
<b>LICENSES AND PERMITS</b>			
Liquor and Malt Beverage Licenses	1,700	1,400	(300)
Operators Licenses	700	925	225
Cigarette Licenses	50	50	-
Dog and Cat Licenses	200	143	(57)
Building Permits	600	1,258	658
Other Permits	100	194	94
License Publication Fees	45	35	(10)
<b>Total Licenses and Permits</b>	<b>3,395</b>	<b>4,005</b>	<b>610</b>
<b>FINES AND FORFEITS</b>			
Court Penalties and Fines	23,000	20,464	(2,536)
Parking Violations	-	360	360
<b>Total Fines and Forfeits</b>	<b>23,000</b>	<b>20,824</b>	<b>(2,176)</b>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Clerk's Revenue	100	272	172
Police Department	950	13	(937)
Garbage Bag Revenue	7,500	7,879	379
Garbage and Dump Revenue	150	668	518
Recycling	7,100	8,339	1,239
Snow Removal	250	-	(250)
<b>Total Public Charges for Services</b>	<b>16,050</b>	<b>17,171</b>	<b>1,121</b>



**VILLAGE OF LENA**

## Schedule of Detailed Budgetary Revenues and Other Financing Source Comparison

## General Fund

For the Year Ended December 31, 2014

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	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>MISCELLANEOUS</b>			
Miscellaneous General Revenue	\$ 1,200	\$ 7,472	\$ 6,272
Interest Income	450	943	493
Rent	19,463	19,744	281
<b>Total Miscellaneous</b>	<u>21,113</u>	<u>28,159</u>	<u>7,046</u>
<b>Total Revenues</b>	447,182	430,992	(16,190)
<b>OTHER FINANCING SOURCE</b>			
Transfers In from Utility	<u>25,000</u>	<u>27,325</u>	<u>2,325</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCE</b>	<u>\$ 472,182</u>	<u>\$ 458,317</u>	<u>\$ (13,865)</u>

**VILLAGE OF LENA**  
Schedule of Detailed Budgetary Expenditures Comparison  
General Fund  
For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Village Board	\$ 7,000	\$ 9,958	\$ (2,958)
Village President	2,000	-	2,000
Municipal Court	9,000	4,011	4,989
Legal	5,000	4,840	160
Administrative	2,300	4,646	(2,346)
Clerk/Treasurer	32,000	32,130	(130)
Elections	2,500	2,338	162
Finance	8,200	11,553	(3,353)
Assessor	4,500	5,088	(588)
Village Hall Expenses	9,900	12,894	(2,994)
Insurance	13,500	14,269	(769)
Retirement	7,875	8,846	(971)
Social Security	10,500	10,961	(461)
Health Insurance	25,000	19,510	5,490
Travel Expense	400	-	400
<b>Total General Government</b>	<b>139,675</b>	<b>141,044</b>	<b>(1,369)</b>
<b>PUBLIC SAFETY</b>			
Police Salaries and Wages	49,900	51,018	(1,118)
Police Operations	18,270	17,387	883
Fire Protection	21,700	22,411	(711)
Rescue Squad	6,000	5,969	31
Building Inspection	1,000	786	214
<b>Total Public Safety</b>	<b>96,870</b>	<b>97,571</b>	<b>(701)</b>
<b>PUBLIC WORKS</b>			
Salaries and Wages	41,315	37,572	3,743
Clothing Allowance	500	668	(168)
Street Maintenance	21,750	28,210	(6,460)
Street Cleaning	1,000	2,237	(1,237)
Snow Removal	6,000	531	5,469
Street Lighting	25,000	21,761	3,239
Sidewalks	5,000	-	5,000
Street Signs and Markings	2,500	5,692	(3,192)
Bridges and Culverts	4,500	61	4,439
Sanitation	9,000	10,916	(1,916)
Recycling	14,225	13,248	977
Weed Cutting	1,200	1,277	(77)
<b>Total Public Works</b>	<b>131,990</b>	<b>122,173</b>	<b>9,817</b>

**VILLAGE OF LENA**

## Schedule of Detailed Budgetary Expenditures Comparison - Continued

## General Fund

For the Year Ended December 31, 2014

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>CULTURE AND RECREATION</b>			
General Recreation	\$ 250	\$ 169	\$ 81
Library	22,500	-	22,500
<b>Total Culture and Recreation</b>	<u>22,750</u>	<u>169</u>	<u>22,581</u>
<b>CONSERVATION AND DEVELOPMENT</b>			
Planning and Economic Development	1,500	-	1,500
Community Development	3,800	3,622	178
Tourism	2,500	2,500	-
<b>Total Conservation and Development</b>	<u>7,800</u>	<u>6,122</u>	<u>1,678</u>
<b>CAPITAL OUTLAY</b>			
General Government	41,803	-	41,803
Public Safety	5,000	-	5,000
Public Works	5,500	1,996	3,504
<b>Total Capital Outlay</b>	<u>52,303</u>	<u>1,996</u>	<u>50,307</u>
<b>DEBT SERVICE</b>			
Principal	13,313	13,313	-
Interest	7,481	7,480	1
<b>Total Debt Service</b>	<u>20,794</u>	<u>20,793</u>	<u>1</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 472,182</u>	<u>\$ 389,868</u>	<u>\$ 82,314</u>

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## ADDITIONAL REPORTS

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

To the Village Board  
Village of Lena  
Lena, Wisconsin

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 25, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the *schedule of findings and responses*, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompany schedule of findings and responses as item #2014-001, #2014-002, #2014-003, and #2014-004 to be material weaknesses.

To the Village Board  
Village of Lena

### ***Compliance and Other Matters***

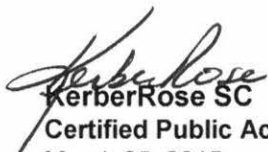
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Village of Lena Responses to Findings**

The Village's responses to the findings identified in our audit are described in the accompanying *schedule of findings and responses*. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
KerberRose SC  
Certified Public Accountants  
March 25, 2015



**Independent Auditors' Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by OMB Circular A-133**

To the Village Board  
Village of Lena  
Lena, Wisconsin

**Report on Compliance for Each Major Federal Program**

We have audited the Village of Lena's (Village) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended December 31, 2014. The Village's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Village of Lena complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.



To the Village Board  
Village of Lena


## Report on Internal Control Over Compliance

Management of the Village of Lena is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

  
KerberRose SC  
Certified Public Accountants  
March 25, 2015

**FEDERAL AWARDS SECTION**

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**VILLAGE OF LENA, WISCONSIN**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2014

<b>Award Description/ Pass-Through Agency</b>	<b>Catalog Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Program or Award Amount</b>
<i>ENVIRONMENTAL PROTECTION AGENCY</i>			
Wisconsin Department of Administration			
Capitalization Grants for Drinking Water			
State Revolving Funds Cluster	66.468	5464-03	
Loan Funds			\$ 2,785,288
Grant Funds			500,000
<i>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>			
Wisconsin Department of Administration			
Community Development Block Grants -			
State's Program and Non-Entitlement			
Grants in Hawaii	14.228	PF13B-27	750,000
<b>TOTAL FEDERAL AWARDS</b>			

<u>Accrued Receivable 1/1/14</u>	<u>Revenues Grantor Reimbursement</u>	<u>Expenditures</u>	<u>Accrued Receivable 12/31/14</u>
\$ -	\$ 1,554,354	\$ 1,912,869	\$ 358,515
-	500,000	500,000	-
-	<u>2,054,354</u>	<u>2,412,869</u>	<u>358,515</u>
-	256,733	449,145	192,412
<u>\$ -</u>	<u>\$ 2,311,087</u>	<u>\$ 2,862,014</u>	<u>\$ 550,927</u>

See Accompanying Notes to the  
Schedule of Expenditures of Federal Awards

## **VILLAGE OF LENA**

### **Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2014**

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#### **NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Village of Lena and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **NOTE 2 - OVERSIGHT AGENCIES**

The Village's federal oversight agency is the Environmental Protection Agency. The Village's state cognizant agency is the Wisconsin Department of Administration.

**VILLAGE OF LENA**  
Schedule of Findings and Responses  
December 31, 2014

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**Section I – Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None Reported
Noncompliance material to the financial statements?	No

***Federal Awards***

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of OMB Circular A-133(a)?	No

Identification of major federal programs:

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**CFDA Number**

**Name of Federal Program**

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14.228

Community Development Block Grants –

State's Program and Non-Entitlement Grants in Hawaii

66.468

Capitalization Grants for Drink Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B Programs	\$300,000
Auditee qualified as a low-risk auditee?	No

**VILLAGE OF LENA**  
Schedule of Findings and Responses - Continued  
December 31, 2014

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**Section II - Financial Statement Findings**

**#2014-001 Lack of Segregation of Duties**

<b>Condition:</b>	During our audit, we noted that the Village has limited staff which does not allow for the proper segregation of duties.
<b>Cause:</b>	Due to the limited staff, management is unable to properly segregate duties.
<b>Criteria:</b>	The Village should establish appropriate segregation of duties to safeguard assets.
<b>Effect:</b>	Because of the lack of segregation of duties, unauthorized transactions could occur in the Village's operations.
<b>Recommendation:</b>	We recommend the duties should be separated as much as possible and compensating controls should be used to compensate for the lack of segregation of duties. This includes having the Village Board or Finance Committee having an active role in reviewing the Village's operations. The Village could specifically improve the lack of segregation of duties surrounding cash by having a member of the Finance Committee review and document approval of all bank reconciliations. A member of the Finance Committee should be documenting approval of all bank transfers. The Village could improve the lack of segregation of duties surrounding journal entries by having a member of the Finance Committee review and document approval of all journal entries posted by the Clerk/Treasurer.
<b>Management's Response:</b>	Due to the limited staff, duties are segregated as much as possible. The Board does review and approve transactions. Management agrees that the Board should have access to review or question any transaction which flows through the Village office and reports detailing cash receipts and disbursements are provided to the Board monthly to assist in that capacity. By employing individuals who are capable of maintaining the integrity of the books and safeguarding Village assets, the Board can be confident that the financial affairs of the Village are being handled properly.



**VILLAGE OF LENA**  
Schedule of Findings and Responses - Continued  
December 31, 2014

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**Section II - Financial Statement Findings (Continued)**

**#2014-002 Financial Reporting**

<b>Condition:</b>	During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with U.S. generally accepted accounting principals (GAAP).
<b>Cause:</b>	Management requested that KerberRose SC assist in preparing a draft of the audited financial statements, including the related footnote disclosures. The outsourcing is a result of management's cost/benefit decision to use our accounting expertise rather than incurring this internal resource cost.
<b>Criteria:</b>	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with GAAP.
<b>Effect:</b>	Although the auditors are preparing the financial statements and the related footnotes, management of the Village thoroughly reviews them and accepts responsibility for their completeness and accuracy.
<b>Recommendation:</b>	We recommend that management continue to make this decision on a cost/benefit.
<b>Management's Response:</b>	Due to the small size of the Village and financial restraints the Village is unable to prepare the financial statements at the current time. The Village will continue to rely on the assistance of the auditors for preparation of the financial statements and related notes and provide any assistance that is needed. Management does review and approve the financial statements by comparing the audited financial statements to internally generated financial reports and records. The Village has assigned an individual with the knowledge and skills to review the financial statements which includes comparing the financial statements to the trial balances and prior year financial statements. After this process is complete, the Village accepts responsibility for the financial statements.

**VILLAGE OF LENA**  
Schedule of Findings and Responses - Continued  
December 31, 2014

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**Section II - Financial Statement Findings (Continued)**

**#2014-003 Preparation of Schedule of Federal and State Awards**

<b>Condition:</b>	The Village was unable to provide us with a schedule of federal awards with the appropriate allocation of funds by CFDA number and funding source.
<b>Cause:</b>	The Village felt that they did not have the time or resources to accurately prepare the schedules.
<b>Criteria:</b>	OMB Circular A-133, §___.300, requires that the Village "identify, in its accounts, all federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of federal agency, and name of the pass-through entity." In addition, the Village is required to "prepare appropriate financial statements, including the schedule of expenditures of federal awards in accordance with §___.310."
<b>Effect:</b>	Although the auditors are preparing the schedule of expenditures of federal awards, management of the Village thoroughly reviews the schedule and accepts responsibility for its completeness and accuracy.
<b>Recommendation:</b>	The Village should assign an individual internally that is qualified to prepare this schedule in a timely manner.
<b>Management's Response:</b>	The Village was unable to prepare the schedule due to time constraints. The Village is aware of the requirement and will attempt to compile the information necessary to assure its compliance with this in the future.

**VILLAGE OF LENA**  
Schedule of Findings and Responses - Continued  
December 31, 2014

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**Section II - Financial Statement Findings (Continued)**

**#2014-004 Material Account Adjustments and Restatement of Beginning Balances**

<b>Condition:</b>	During our audit, we identified and proposed adjustments (which were approved and posted by management) that were material, either individually or in the aggregate, to the Village's financial statements. Additionally, there was a restatement of beginning balances due to the Fireman's Fund checking account activity not being included in the Fire Department Fund in prior years as well as the recording of annual fees from the Town of Spruce for fire services related to 2013 that were not recorded in the prior year.
<b>Cause:</b>	Internal controls did not detect certain adjustments necessary to properly record year-end balances. For the restatement, there was additional information that was provided during the current year.
<b>Criteria:</b>	Management is responsible for maintaining internal controls and its accounting records in accordance with U.S. Generally Accepted Accounting Principles (GAAP).
<b>Effect:</b>	As a result, the initial trial balances were misstated. For the restatement, an adjustment was necessary on both the government-wide and fund based financial statements to properly reflect the Fire Department Fund activity.
<b>Recommendation:</b>	We recommend that management take steps to ensure all year-end adjustments are identified and posted for financial reporting purposes.
<b>Management's Response:</b>	The Village is aware of the reasons for the material account adjustments and the restatement of beginning balances and will take necessary action to implement procedures for preparation of year-end adjustments.

**Section III – Federal Award Findings**

There were no findings for federal awards.

**VILLAGE OF LENA**  
Summary Schedule of Prior Year Audit Findings  
December 31, 2014

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The Village had no prior audit findings due to a single audit not being required in the prior year.

**VILLAGE OF LENA**  
Corrective Action Plan  
Year Ended December 31, 2014

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**FINANCIAL STATEMENT FINDING**

**#2014-001 – Segregation of Duties** – The Village is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced whenever possible and the Village Board assumes an active role through monthly review of receipt and disbursement transactions and monthly financial statements.

**#2014-002 – Financial Reporting** - The Village is aware that their staff does not have training to prepare financial statements and related notes in accordance with generally accepted accounting principles. The Village will rely on the assistance of the auditors for preparation of the financial statements and related notes. Management will continue to review and approve the audited financial statements by comparing them to internally generated financial reports and records.

**#2014-003 – Preparation of Schedule of Federal and State Awards** - The Village is aware of the requirement and will attempt to compile the information necessary to assure its compliance with this in the future.

**#2014-004 – Material Account Adjustments and Restatement of Beginning Balances** - The Village is aware of the reasons for the restatement of beginning balances and will take necessary action to implement procedures for preparation of year-end adjustments.

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