



Johnson & Block
AND COMPANY, INC.

Certified Public Accountants

VILLAGE OF BLUE MOUNDS
AUDITED FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S
REPORT

For the Year Ended December 31, 2014

Quality service through our commitment to clients and staff.

www.johnsonblock.com

Village of Blue Mounds

Table of Contents

December 31, 2014

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT DISCUSSION AND ANALYSIS.....	i-ix
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	3
Reconciliation of the Governmental Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures and Changes in	
Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7-8
Statement of Revenues, Expenses and Changes in	
Fund Net Position – Proprietary Funds.....	9
Statement of Cash Flows – Proprietary Funds	10
Statement of Fiduciary Net Position – Fiduciary Funds.....	11
Notes to the Financial Statements.....	12-41
SUPPLEMENTAL INFORMATION:	
Major Funds	
Schedule of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual (With Variance) - General Fund	42



Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

INDEPENDENT AUDITOR'S REPORT

July 7, 2015

To the Village Board
Village of Blue Mounds
Blue Mounds, Wisconsin

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Blue Mounds, Wisconsin, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Refer to the table of contents for the page number. 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Madison, WI

VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

As management of the Village of Blue Mounds, we offer readers of the Village of Blue Mounds' financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2014. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the Village's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the Village's operating results. You can think of the Village's net position, as measured in the Statement of Net Position, as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the Village's goal is to provide services that improve the quality of life for our residents, not to generate profits as companies do. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads, in assessing the overall health of our Village.

- The assets of the Village of Blue Mounds exceeded its liabilities as of December 31, 2014, by \$4,276,736 (net position).
- The Village's governmental activities had a net position of \$251,117. The business-type activities had net position of \$4,025,619.
- The Village of Blue Mounds' total net position increased by \$231,983.
- As of December 31, 2014, the Village of Blue Mounds' governmental funds reported combined ending fund balances of \$1,389,941. Approximately 33 percent of this total or \$457,933 is available for spending at the government's discretion (unassigned fund balance.)
- As of December 31, 2014, the unassigned fund balance for the general fund was \$457,933, or approximately 78.3 percent of total general fund expenditures.
- The Village of Blue Mounds' governmental general obligation debt decreased by \$63,847 during 2014. Business-type general obligation debt decreased by \$12,516. Mortgage revenue bonds decreased by \$88,685. The CDA lease revenue bonds decreased by \$160,000.
- The Village of Blue Mounds' liability for long term compensated absences increased by \$12,905 for a total liability at December 31, 2014, of \$31,979.

VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village of Blue Mounds' basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves:

Government-wide financial statements. The government-wide financial statements are the *Statement of Net Position* and *Statement of Activities*. These statements present an aggregate view of the Village's finances in a manner similar to private-sector business. The government-wide financial statements can be found on pages 1 and 2 of this report.

- The *statement of net position* presents information on all of the Village of Blue Mounds' assets, deferred outflows, liabilities and deferred inflows, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village of Blue Mounds is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e. g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Village of Blue Mounds that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village of Blue Mounds include general government, public safety, public works, health and human services, culture, recreation and education, and conservation and development. The business-type activities of the Village of Blue Mounds include the Blue Mounds Water Utility and the Blue Mounds Sewer Utility.

The government-wide financial statements include only the activities of the Village of Blue Mounds.

VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund financial statements. The Village also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The Village, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the Village government-wide statements and provide information that may be useful in evaluating a Village's short-term financing requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village of Blue Mounds maintains four (4) individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Capital Projects Fund, TIF #1 Fund and the Debt Service Fund.

The Village of Blue Mounds adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility and the sewer utility, which are considered to be major funds of the Village of Blue Mounds. The basic proprietary fund financial statements can be found on pages 7 through 9 of this report.

**VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 41 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Village's net position changed from a year ago, increasing from \$4.04 million to \$4.27 million. The table below provides a summary of the Village's assets for the year ended December 31, 2014.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$2,036,886	\$2,146,788	\$1,183,064	\$1,060,123	\$3,219,950	\$3,206,911
Other Assets	-	-	122,586	122,586	122,586	122,586
Capital Assets	1,819,406	1,788,264	3,789,471	3,723,256	5,608,877	5,511,520
Total Assets	3,856,292	3,935,052	5,095,121	4,905,965	8,951,413	8,841,017
Long-Term Liabilities	3,131,941	2,912,456	914,059	812,859	4,046,000	3,725,315
Other Liabilities	81,148	50,230	51,766	18,155	132,914	68,385
Total Liabilities	3,213,089	2,962,686	965,825	831,014	4,178,914	3,793,700
Deferred Inflows of Resources	673,079	721,249	54,667	49,332	727,746	770,581
Net Position	(29,876)	251,117	4,074,629	4,025,619	4,044,753	4,276,736
Net Position						
Invested in Capital Assets	(87,205)	38,877	2,822,070	2,862,390	2,734,865	2,901,267
Restricted	381,949	441,157	517,665	496,290	899,614	937,447
Unrestricted	(324,620)	(228,917)	734,894	666,939	410,274	438,022
Total Position	\$ (29,876)	\$ 251,117	\$4,074,629	\$4,025,619	\$4,044,753	\$ 4,276,736

Net position of the Village's governmental activities increased by \$280,993. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations without constraints established by covenants, enabling legislation, or other legal requirements was (\$228,917) as of 12/31/14. The deficit was mainly a result of TIF financed utility infrastructure and economic development incentives. Restricted net position, those restricted mainly for TIF debt and other purposes such as parks, and equipment was \$441,157 as of 12/31/14.

Net position of our business-type activities decreased \$49,010 in 2014. The utility rates and contributions from the Village's TIF District were sufficient to cover cash flow of the utility.

Business-type activities:

Revenues and expenses of the business-type activities remained comparable to 2013.

VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

Governmental Activities: Governmental activities increased the Village's net position by \$280,993. Key elements of this increase are as follows:

- Governmental revenues increased by \$48,825.
- Governmental expenses as a percentage of total revenues decreased from 81.5% to 78.3%.

The table on the next page provides a summary of the Village's operating results and their impact on net position for the year ended December 31, 2014. In 2014 the Village relied primarily on property taxes and state aids to fund its governmental operations. Combined, these account for 76.1% of governmental revenues or \$798,517. Program revenues, in the form of charges for services, operating and capital grants and contributions (18.7%) accounted for \$196,094 of total governmental revenues. For business-type operations, program revenues accounted for 97.1% of business-type revenues.

VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

Village of Blue Mound's Change in Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program revenues:						
Charges for services and fees, fines and costs	\$ 142,463	\$ 135,979	\$ 372,097	\$ 384,347	\$ 514,560	\$ 520,326
Operating grants and contributions	65,654	60,115	-	-	65,654	60,115
Capital grants and contributions	1,633	-	37,873	13,535	39,506	13,535
General revenues:						
Property taxes	638,355	673,079	-	-	638,355	673,079
Grants and contributions not restricted to specific programs	117,929	125,438	-	-	117,929	125,438
Unrestricted Interest and Investment	2,135	1,605	14,263	7,087	16,398	8,692
Miscellaneous	31,857	38,525	5,334	5,334	37,191	43,859
Other-Gains on Sale of Capital Assets	848	14,958	-	(640)	848	14,318
Total Revenues	1,000,874	1,049,699	429,567	409,663	1,430,441	1,459,362
Expenses:						
General Government	175,367	171,960	-	-	175,367	171,960
Public Safety	259,490	249,680	-	-	259,490	249,680
Public Works	213,171	242,954	-	-	213,171	242,954
Health Welfare & Sanitation	3,074	3,074	-	-	3,074	3,074
Culture and Recreation	15,223	29,873	-	-	15,223	29,873
Conservation & Development	-	200	-	-	-	200
Interest on long-term debt	149,923	123,817	-	-	149,923	123,817
Capital Outlay	-	399	-	-	-	399
Water & Sewer	-	-	477,392	405,422	477,392	405,422
Total Expenses:	816,248	821,957	477,392	405,422	1,293,640	1,227,379
Increase in net position before transfers	184,626	227,742	(47,825)	4,241	136,801	231,983
Transfers	54,337	53,251	(54,337)	(53,251)	-	-
Increase in net position	238,963	280,993	(102,162)	(49,010)	136,801	231,983
Net position – January 1 (deficit)	(268,839)	(29,876)	4,176,791	4,074,629	3,907,952	4,044,753
Net position – December 31 (deficit)	\$ (29,876)	\$ 251,117	\$ 4,074,629	\$ 4,025,619	\$ 4,044,753	\$ 4,276,736

VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

FINANCIAL ANALYSIS OF THE VILLAGE OF BLUE MOUNDS' FUNDS

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Village of Blue Mounds' *governmental funds* is to provide information on near-term inflows, outflows, and balances of *expendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Village's net resources available for spending at the end of the fiscal year.

As of December 31, 2014, the Village's governmental funds reported combined ending fund balance of \$1,389,941, an increase of \$66,428 from the prior year. The Village's TIF district has advances payable of \$87,165 payable to the sewer fund and restricted cash of \$262,501 for debt service. The TIF District has had sufficient cash flow to pay the advance.

The general fund is the chief operating fund of the Village. At the end of the current year, unassigned fund balance of the general fund was \$457,933. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 78.3% of total general fund expenditures.

During the current year, the Village's general fund balance increased by \$51,937. Key factors in this are as follows:

- Property tax revenues increased \$12,231.
- Mobile home fees exceeded budget by \$11,225.
- Building permit revenues exceeded budget by \$6,285.
- Total General Government expenditures were under budget by \$15,696.
- Total Public Works expenditures were under budget by \$14,733.

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

The Village's water and sewer operating revenues increased by 3.3% and expenses (including interest and tax equivalent) decreased 13.7%.

VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Village of Blue Mounds' investment in capital assets for its governmental and business-type activities as of December 31, 2014 amounts to \$5,511,520 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and utility infrastructure. The Village did not retroactively record infrastructure. The net decrease in the Village's investment in capital assets for the current year was \$97,357 or 1.7% over last year (a 1.5% decrease for governmental activities and a 1.8% decrease for business-type activities). The decreases were related to the 2014 depreciation expense.

Village of Blue Mound's Capital Assets						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Land	\$ 389,181	\$ 389,181	\$ 19,262	\$ 14,313	\$ 408,443	\$ 403,494
Construction in Progress	750	6,646	-	27,420	750	34,066
Land, CWIP and Infrastructure in Progress	389,931	395,827	19,262	41,733	409,193	437,560
Infrastructure	1,637,818	1,637,818	3,664,403	3,696,545	5,302,221	5,334,363
Buildings	187,828	189,928	1,394,710	1,406,120	1,582,538	1,596,048
Improvements & Equipment	495,010	426,910	1,151,852	1,135,957	1,646,862	1,562,867
Other Capital Assets	2,320,656	2,254,656	6,210,965	6,238,622	8,531,621	8,493,278
Accumulated Depreciation	(891,181)	(862,219)	(2,440,756)	(2,557,099)	(3,331,937)	(3,419,318)
Other Capital Assets, net of depreciation	1,429,475	1,392,437	3,770,209	3,681,523	5,199,684	5,073,960
Total Capital Assets	\$1,819,406	\$1,788,264	\$3,789,471	\$3,723,256	\$5,608,877	\$5,511,520

Additional information on the Village of Blue Mounds' capital assets can be found in Note 4 on pages 28 - 29 of this report.

**VILLAGE OF BLUE MOUNDS
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2014**

Long-term debt. At the end of the current fiscal year, Village of Blue Mounds had total debt outstanding of \$3,693,337 which included \$1,054,398 of general obligation debt. During the fiscal year, the Village paid off \$325,048 on existing debt with funds on hand.

Village of Blue Mound's Outstanding Debt						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
General Obligation Debt						
Notes	\$ 949,325	\$ 885,478	\$ 181,436	\$ 168,920	\$ 1,130,761	\$ 1,054,398
Lease Revenue Bonds	2,155,000	1,995,000	-	-	2,155,000	1,995,000
Mortgage Revenue Bonds	-	-	732,624	643,939	732,624	643,939
Total Debt	\$3,104,325	\$2,880,478	\$ 914,060	\$ 812,859	\$4,018,385	\$3,693,337

The Village is not rated by Moody's Investors Service or any other rating agency for its general obligation debt.

Additional information on the Village's long-term debt can be found in Note 7 on pages 31-35 of this report.

Contacting the Village's Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Village Office, 11011 Brigham Ave. P.O. Box 189 Blue Mounds, WI. 53517 or Email the Village Office at info@bluemoundsvillage.com

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Statement of Net Position
December 31, 2014**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,550,588	\$ 445,683	\$ 1,996,271
Restricted Cash	316,627	496,290	812,917
Receivables	366,363	28,520	394,883
Internal Balances	(87,165)	87,165	-
Due from Other Governmental Agencies	175	-	175
Prepaid Expenses	200	2,465	2,665
Other Assets	-	122,586	122,586
Capital Assets			
Land, Improvements, and Construction in Progress	395,827	41,733	437,560
Other Capital Assets, net of Depreciation	1,392,437	3,681,523	5,073,960
Total Capital Assets	1,788,264	3,723,256	5,511,520
Total Assets	<u>\$ 3,935,052</u>	<u>\$ 4,905,965</u>	<u>\$ 8,841,017</u>
LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 30,022	\$ 6,703	\$ 36,725
Due to Other Governmental Agencies	4,607	-	4,607
Accrued Interest Payable	15,601	11,452	27,053
Long-Term Liabilities			
Due Within One Year:			
Bonds and General Obligation Debt	226,205	103,975	330,180
Compensated Absences	9,463	-	9,463
Due in more than one year:			
Bonds and General Obligation Debt	2,654,273	708,884	3,363,157
Compensated Absences	22,515	-	22,515
Total Liabilities	<u>2,962,686</u>	<u>831,014</u>	<u>3,793,700</u>
DEFERRED INFLOWS OF RESOURCES			
PSC Regulatory Credit	-	48,007	48,007
2015 Tower Rent	-	1,325	1,325
2015 Tax Revenues	721,249	-	721,249
	<u>721,249</u>	<u>49,332</u>	<u>770,581</u>
NET POSITION			
Net Investment in Capital Assets	38,877	2,862,390	2,901,267
Restricted for:			
Capital Projects	387,031	-	387,031
Debt Service	-	46,236	46,236
Other Projects	54,126	450,054	504,180
Unrestricted	(228,917)	666,939	438,022
Total Net Position	<u>251,117</u>	<u>4,025,619</u>	<u>4,276,736</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 3,935,052</u>	<u>\$ 4,905,965</u>	<u>\$ 8,841,017</u>

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 171,960	\$ 53,001	\$ -	\$ -	\$ (118,959)		\$ (118,959)
Public Safety	249,680	11,728	2,690	-	(235,262)		(235,262)
Public Works	242,954	65,330	54,882	-	(122,742)		(122,742)
Health, Welfare and Sanitation	3,074	-	-	-	(3,074)		(3,074)
Culture and Recreation	29,873	920	-	-	(28,953)		(28,953)
Conservation and Development	200	5,000	193	-	4,993		4,993
Interest on Long-term debt	123,817	-	-	-	(123,817)		(123,817)
Capital Outlay	399	-	2,350	-	1,951		1,951
Total Governmental Activities	<u>821,957</u>	<u>135,979</u>	<u>60,115</u>	<u>-</u>	<u>(625,863)</u>		<u>(625,863)</u>
Business-type activities							
Water	185,822	214,566	-	-	-	28,744	28,744
Sewer	219,600	169,781	-	13,535	-	(36,284)	(36,284)
Total business-type activities	<u>405,422</u>	<u>384,347</u>	<u>-</u>	<u>13,535</u>	<u>-</u>	<u>(7,540)</u>	<u>(7,540)</u>
Total primary government	<u>1,227,379</u>	<u>520,326</u>	<u>60,115</u>	<u>13,535</u>	<u>(625,863)</u>	<u>(7,540)</u>	<u>(633,403)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					673,079	-	673,079
Grants and contributions not restricted to specific programs					125,438	-	125,438
Unrestricted investment earnings					1,605	7,087	8,692
Miscellaneous					38,525	5,334	43,859
Special item - gain on sale of asset					14,958	(640)	14,318
Transfers					53,251	(53,251)	-
Total general revenues, special items, and transfers					<u>906,856</u>	<u>(41,470)</u>	<u>865,386</u>
Change in net assets					280,993	(49,010)	231,983
Net position (deficit) - beginning					(29,876)	4,074,629	4,044,753
Net position (deficit) - ending					<u>\$ 251,117</u>	<u>\$ 4,025,619</u>	<u>\$ 4,276,736</u>

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Balance Sheet
Governmental Funds
December 31, 2014**

	<u>Major Funds</u>			<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>TIF #1/CDA</u>		
ASSETS					
Cash and Cash Equivalents	\$ 800,282	\$ 55,201	\$ 694,060	\$ 1,045	\$ 1,550,588
Receivables:					
Taxes	63,288	16,400	208,513	63,063	351,264
Special Assessments	1,522	-	-	-	1,522
Accounts	6,162	-	-	-	6,162
Other	7,415	-	-	-	7,415
Due from Other Governments	175	-	-	-	175
Prepaid Expenses	200	-	-	-	200
Restricted Cash	54,126	-	262,501	-	316,627
Total Assets	<u>\$ 933,170</u>	<u>\$ 71,601</u>	<u>\$ 1,165,074</u>	<u>\$ 64,108</u>	<u>\$ 2,233,953</u>
LIABILITIES					
Accounts Payable	\$ 17,736	\$ -	\$ 23	\$ -	\$ 17,759
Accrued Liabilities	12,263	-	-	-	12,263
Payable to Other Governments	4,432	-	-	175	4,607
Advances Payable	-	-	87,165	-	87,165
Total Liabilities	<u>34,431</u>	<u>-</u>	<u>87,188</u>	<u>175</u>	<u>121,794</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources	214,401	16,400	428,354	63,063	722,218
Total Deferred Inflows of Resources	<u>214,401</u>	<u>16,400</u>	<u>428,354</u>	<u>63,063</u>	<u>722,218</u>
FUND BALANCES					
Nonspendable	-	-	-	870	870
Restricted	226,405	-	649,532	-	875,937
Assigned	-	55,201	-	-	55,201
Unassigned	457,933	-	-	-	457,933
Total Fund Balance	<u>684,338</u>	<u>55,201</u>	<u>649,532</u>	<u>870</u>	<u>1,389,941</u>
Total Liabilities, Deferred Inflows of Revenues and Fund Balance	<u>\$ 933,170</u>	<u>\$ 71,601</u>	<u>\$ 1,165,074</u>	<u>\$ 64,108</u>	<u>\$ 2,233,953</u>

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2014**

Total fund balance, governmental funds	\$	1,389,941
--	----	-----------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		1,788,264
---	--	-----------

Special assessments set up for installment are reported as revenue in the Statement of Net Position when earned, but they are recorded as deferred revenue in the fund financial statements.		969
--	--	-----

Some liabilities, (such as Notes Payable, Compensated Absences, Accrued Interest and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Accrued Interest	(15,601)	
Bonds and general obligation debt - Current	(226,205)	
Bonds and general obligation debt - Long-Term	(2,654,273)	
Compensated Absences - Current	(9,463)	
Compensated Absences - Long-Term	(22,515)	
Total		(2,928,057)

Net Position of Governmental Activities in the Statement of Net Position	\$	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: center;">251,117</td> </tr> </table>	251,117
251,117			

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014**

	Major Funds			Debt Service Funds	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects	TIF #1/CDA			
REVENUES						
Property Taxes	\$ 289,270	\$ -	\$ 383,809	\$ -	\$ -	\$ 673,079
Other Taxes	34,725	-	-	-	-	34,725
Special Assessment Revenue	485	-	-	-	-	485
Intergovernmental	180,933	-	2,261	12,469	-	195,663
License and Permits	22,099	-	-	-	932	23,031
Fines, Forfeits and Penalties	27,238	-	-	-	-	27,238
Public Charges for Services	72,395	-	-	-	-	72,395
Intergovernmental Charges for Services	1,443	-	-	-	-	1,443
Interest Income	1,410	-	70	-	-	1,480
Miscellaneous Income	3,326	2,351	10	-	-	5,687
Total Revenues	633,324	2,351	386,150	12,469	932	1,035,226
EXPENDITURES						
Current:						
General Government	152,614	-	14,494	-	-	167,108
Public Safety	240,503	-	-	-	-	240,503
Public Works	151,691	-	-	-	-	151,691
Health and Human Services	3,074	-	-	-	-	3,074
Culture, Recreation and Education	21,745	-	-	-	-	21,745
Conservation and Development	200	-	-	-	-	200
Capital Outlay	5,553	64,220	-	-	-	69,773
Debt Service						
Principal Repayment	8,542	-	188,833	35,014	-	232,389
Interest Expense	555	-	121,435	28,534	-	150,524
Total Expenditures	584,477	64,220	324,762	63,548	-	1,037,007
Excess (Deficiency) of Revenues Over Expenditures	48,847	(61,869)	61,388	(51,079)	932	(1,781)
OTHER FINANCING SOURCES (USES)						
Proceeds from Sale of Capital Assets	14,958	-	-	-	-	14,958
Transfers In	54,211	15,000	-	51,079	-	120,290
Transfers Out	(66,079)	-	-	-	(960)	(67,039)
Total Other Financing Sources and Uses	3,090	15,000	-	51,079	(960)	68,209
Net Change in Fund Balances	51,937	(46,869)	61,388	-	(28)	66,428
Fund Balances - Beginning	632,401	102,070	588,144	-	898	1,323,513
Fund Balances - Ending	\$ 684,338	\$ 55,201	\$ 649,532	\$ -	\$ 870	\$ 1,389,941

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**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, 2013**

Net change in fund balances - total governmental funds: \$ 66,428

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays \$69,373 was less than depreciation \$100,515 in the current period. (31,142)

Governmental funds record special assessment revenues when available and collectible. In contrast, such revenues are reported in the Statement of Activities when earned. This is the amount of special assessment revenue reported in the current year on the fund financial statements. (485)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 232,389

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Decrease in accrued interest not reflected on Governmental funds	26,707
Compensated absences not reflected on Governmental funds	(12,904)
	26,707

Change in net position of governmental activities	\$ 280,993
---	------------

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Proprietary Funds		
	Water	Sewer	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 111,664	\$ 334,019	\$ 445,683
Receivables			
Accounts	12,784	15,736	28,520
Prepaid Expenses	-	2,465	2,465
Total Current Assets	124,448	352,220	476,668
Restricted:			
Restricted Cash and Cash Equivalents	71,238	425,052	496,290
Total Restricted Assets	71,238	425,052	496,290
Capital Assets:			
Land and Improvements	3,502	10,811	14,313
Construction Work in Progress	6,435	20,985	27,420
Other Capital Assets	2,978,095	3,260,527	6,238,622
Less Accumulated Depreciation	(1,071,363)	(1,485,736)	(2,557,099)
Net Capital Assets	1,916,669	1,806,587	3,723,256
Noncurrent Assets			
Other Property and Investments	-	122,586	122,586
Advances Receivable	-	87,165	87,165
Total Noncurrent Assets	-	209,751	209,751
Total Assets	\$ 2,112,355	\$ 2,793,610	\$ 4,905,965

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Proprietary Funds		
	Water	Sewer	Total
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 2,789	\$ 3,914	\$ 6,703
Accrued Interest Payable	10,703	749	11,452
Current Portion of Long-Term Debt:			
Bonds and Loans Payable	33,123	70,852	103,975
Total Current Liabilities	46,615	75,515	122,130
Non-Current Liabilities:			
Long-Term Debt			
Bonds and Loans Payable	635,797	73,087	708,884
Total Long-Term Debt	635,797	73,087	708,884
Total Non-Current Liabilities	635,797	73,087	708,884
Total Liabilities	682,412	148,602	831,014
DEFERRED INFLOWS OF RESOURCES			
PSC Regulatory Credit	48,007	-	48,007
2015 Tower Rent	1,325	-	1,325
Total Deferred Inflows of Resources	49,332	-	49,332
NET POSITION			
Net Investment in Capital Assets	1,199,742	1,662,648	2,862,390
Restricted Assets	71,238	425,052	496,290
Unrestricted	109,631	557,308	666,939
Total Net Position	1,380,611	2,645,008	4,025,619
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,112,355	\$ 2,793,610	\$ 4,905,965

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

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

	Proprietary Funds		
	Water	Sewer	Total
REVENUES			
Charges for Services	\$ 196,075	\$ 167,910	\$ 363,985
Other Operating Revenues	18,491	1,871	20,362
Total Operating Revenues	214,566	169,781	384,347
OPERATING EXPENSES			
Operation and Maintenance	96,721	127,868	224,589
Depreciation	57,122	85,758	142,880
Taxes	1,697	707	2,404
Total Operating Expenses	155,540	214,333	369,873
Operating Income (Loss)	59,026	(44,552)	14,474
NON-OPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	62	7,025	7,087
Miscellaneous Non-Operating Revenue	5,334	-	5,334
Interest Expense	(30,282)	(5,267)	(35,549)
Total Non-Operating Revenue (Expenses)	(24,886)	1,758	(23,128)
Income (Loss) Before Contributions and Transfers	34,140	(42,794)	(8,654)
Capital Contributions	-	13,535	13,535
Transfers Out	(53,251)	-	(53,251)
Special Item - Gain (Loss) on Sale of Assets	(640)	-	(640)
Change in Net Position	(19,751)	(29,259)	(49,010)
Total Net Position - Beginning	1,400,362	2,674,267	4,074,629
Total Net Position - Ending	\$ 1,380,611	\$ 2,645,008	\$ 4,025,619

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Water Utility	Sewer Utility	Total
<u>Cash Flows from Operating Activities:</u>			
Receipts from customers	\$ 213,514	\$ 169,279	\$ 382,793
Payments to suppliers	(85,460)	(70,868)	(156,328)
Payments to employees	(42,357)	(59,651)	(102,008)
Taxes paid	(54,977)	-	(54,977)
Net cash provided (used) by operating activities	<u>30,721</u>	<u>38,760</u>	<u>69,481</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and construction of plant assets	(24,027)	(39,743)	(63,770)
Principal payments on long-term debt	(32,516)	(68,684)	(101,200)
Receipts from advance repayments	-	41,597	41,597
Interest paid	(31,391)	(5,625)	(37,016)
Net cash provided (used) by capital and related financing activities	<u>(87,934)</u>	<u>(72,455)</u>	<u>(160,389)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest Income	<u>62</u>	<u>7,025</u>	<u>7,087</u>
Net cash provided (used) by investing activities	<u>62</u>	<u>7,025</u>	<u>7,087</u>
Net increase (decrease) in cash and equivalents	(57,151)	(26,670)	(83,821)
<u>Cash and Equivalents, Beginning of year</u>	<u>240,053</u>	<u>785,741</u>	<u>1,025,794</u>
<u>Cash and Equivalents, End of year</u>	<u>\$ 182,902</u>	<u>\$ 759,071</u>	<u>\$ 941,973</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating Income (loss)	\$ 59,026	\$ (44,552)	\$ 14,474
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Joint meter allocation	1,987	(1,987)	-
Tax equivalent	(53,251)		(53,251)
Depreciation	57,122	85,758	142,880
Changes in Assets and Liabilities:			
Customer accounts receivable	(1,052)	(503)	(1,555)
Prepayments	-	(922)	(922)
Accounts payable	(33,111)	966	(32,145)
Net cash provided (used) by operating activities	<u>\$ 30,721</u>	<u>\$ 38,760</u>	<u>\$ 69,481</u>
Summary of Significant non-cash transactions			
Capital Contributions	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ 13,535</u>
Total Non-Cash Transactions	<u>\$ -</u>	<u>\$ 13,535</u>	<u>\$ 13,535</u>

See accompanying notes to the basic financial statements.

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 323,459
Receivables:	
Taxes Receivable	318,717
Total Assets	<u>\$ 642,176</u>
LIABILITIES	
Due to Other Governments	\$ 642,176
Total liabilities	<u>\$ 642,176</u>

See accompanying notes to the basic financial statements.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Blue Mounds, Wisconsin conform to U.S. generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all of the funds of the Village of Blue Mounds. The reporting entity for the Village consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report contains the following component unit:

Component Units

Community Development Authority

This report includes the Community Development Authority (the Authority) as a component unit. The Authority is a legally separate organization. The board of the Authority is appointed by the Village of Blue Mounds. The Authority meets the criteria of a component unit of the Village. The Authority was included as a blended component unit because it provides services exclusively, or almost exclusively, to the Village. The Authority is blended with the Village's tax incremental financing district (TIF).

Other

The School District of Mount Horeb is excluded from the reporting entity. The financial statements exclude the accounts of the above-named school district because the school district has a separately elected governing body, is legally separate and fiscally independent.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements are basic financial statements required for all governmental units. The statement of net position and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental fund financial statements.

All funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the standard concentrates on major funds versus non-major funds.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

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

Funds are identified 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 government or meets the following criteria:

- 1. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- 2. Total assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- 3. In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

The Village reports the following major governmental funds:

Major Governmental Funds

General Fund – accounts for the Village’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed from proprietary funds. The Village considers this fund major because of its importance to financial statement users.

Tax Incremental Financing District No. 1 (TID No. 1) - Transactions of the Village’s tax incremental district is accounted for in capital projects funds along with capital outlay projects for which the Village borrowed money.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise debt.

The Village reports the following major enterprise funds:

Major Enterprise Funds

Enterprise funds are used to account for operations a) that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or b) where the governing body has decided that periodic determination of revenues earned, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following enterprise funds are included in these statements:

Water Utility – accounts for the operations of the water system.

Sewer Utility – accounts for the operations of the sewer system.

The Village reports the following non-major governmental funds:

Non-Major Governmental Funds

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

Department of Transportation

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- B. Government-Wide and Fund Financial Statements (Continued)**

In addition, the Village reports the following fund types:

Fiduciary Funds

AGENCY FUNDS

Agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The following agency funds are included in these financial statements:

Tax Agency Fund

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

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide Statement of Net Position and Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village, which are not available, are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows. Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and non-spendable balance in the general fund.

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

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

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, as described previously in this note.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Fund Financial Statements (Continued)

The proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. The principal operating revenues of the water and sewer utilities are charges to customers for sales and services. Operating expenses for proprietary 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 non-operating revenues and expenses.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles as applied to local government units, The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Position or Equity

1) Cash and Cash Equivalents

The Village has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/ by the Village's individual major funds, and in the aggregate for non-major and agency funds. For purposes of the statement of cash flows, all cash and investments of the proprietary fund are considered to be cash equivalents, because they are available on demand from the cash and investments pool.

All deposits of the Village are made in board designated official depositories and are secured as required by State Statute. The Village may designate, as an official depository, any bank or savings association. Also, the Village may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. All other investments are stated at fair value.

See Footnote 2 for additional information.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

D. Assets, Liabilities, and Net Position or Equity

2) Proprietary Cash and Equivalents

For purposes of the proprietary fund statement of cash flows, the Village considers all highly liquid investments, with a maturity of less than three months, when purchased, to be cash equivalents. This consists of current cash and investments. Cash and cash equivalents for the water and sewer funds are \$182,902 and \$759,071 respectively.

A reconciliation of the cash and cash equivalents shown in the combined statement of net position for the proprietary funds to the amounts shown on the government-wide statement of net position:

	Water	Sewer	Total
Cash and Investments	\$ 111,664	\$ 334,019	\$ 445,683
Restricted Cash and Investments	71,238	425,052	496,290
Total Cash and Investments per the Statement of Net Position	\$ 182,902	\$ 759,071	\$ 941,973

The Village has not formally adopted deposit and investment policies that limit the Village's allowable deposits or investments.

3) Taxes Receivable

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Village's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all Village taxes. Since Village property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2014 tax roll

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

4) Allowance for Uncollectible Accounts

General fund accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year-end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for delinquent water and sewer billings because the utilities have the right by law to place delinquent bills on tax roll.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

5) Special Assessments

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of enterprise funds are recorded as capital contributions at the time of assessment, if subject to collection.

Deferred special assessments, those not subject to collection, are recorded as other liabilities until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by the County and are remitted to the Village upon collection by the County. These delinquent installments are financed by the general fund.

6) Inventories

Inventories of proprietary funds are valued at cost using the first-in/first-out method and are charged as expenses or capitalized when used. Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material.

7) Restricted Assets

The Village of Blue Mounds sewer fund has restricted cash and investments of \$425,052 for replacement fund purposes, the water fund has restricted cash and investments of \$71,238 for replacement fund and debt service reserve fund purposes. The general fund has restricted cash of \$54,126 for park projects. The TIF/CDA fund has cash of \$262,501 restricted for debt service reserves and capital interest. Total restricted cash and investments are \$812,917.

8) Capital Assets

Government-Wide Statements

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

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required. For the year ended December 31, 2014, the Village has not retroactively reported all infrastructure acquired by its governmental fund types.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**
- 8) Capital Assets (Continued)**

Government-Wide Statements

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated based on the estimated useful life of assets on a straight line basis. The estimated useful life of assets is determined by industry standards as recommended by GASB. Useful lives vary by asset type. Equipment and vehicles are depreciated over 5-20 years. Land improvements and building improvements are depreciated over 10-25 years. Streets are depreciated over 25 years. Buildings are depreciated over 50 years. A full year of depreciation is used if the asset is acquired before July 1 of the current year.

Proprietary Fund Fixed Assets - Assets in the enterprise fund are capitalized at cost or fair value at date of contribution or acquisition. Normal repairs and maintenance that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining lives of the related assets. Net interest costs incurred for long-term debt issued for construction purposes is capitalized during the period of construction. Net interest cost consists of interest expense on long-term debt proceeds. No interest was capitalized in 2014.

Depreciation is charged over the estimated service life of the assets using the straight-line method. Annual depreciation charges are determined using the average utility plant in service and rates ranging from 1.0% to 26.70% for the water utility and from 1.0% to 20.0% for the sewer utility, depending on the various classes of property, in the respective utilities.

9) Deferred Outflows, Debt Issuance Costs, Debt Premium and Discount and Loss

Debt Issuance Costs

Debt issuance costs are recognized as expenditures in the current period for both the fund financial statements and the government wide financial statements. Debt discounts, premiums, as well as gains or losses are reported as deferred inflows or outflows and amortized over the term of the debt issue.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)
D. Assets, Liabilities, and Net Position or Equity (Continued)

10) 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. The entire accumulation of \$31,978 is recorded in the statement of net position as a liability for governmental activities.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2014 are determined on the basis of current salary rates.

11) Long-Term Obligations/Conduit Debt

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

All short term and long-term obligations expected to be financed from proprietary fund type operations are accounted for as those fund liabilities.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

Conduit debt obligations, such as industrial revenue bonds (IRBS), approved for business enterprises, do not constitute debt of the Village. Accordingly, the bonds are not recorded in the Village's financial statements.

12) Claims and Judgments

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

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

- 1. Summary of Significant Accounting Policies (Continued)**
- D. Assets, Liabilities, and Net Position or Equity (Continued)**

13) Equity and Net Position Classifications

Government-Wide Statements

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

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

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

Fund Financial Statements – Governmental Funds – Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories:

Non-spendable – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned – resources neither restricted nor committed for which a government has a stated intended use as established by the Village Board or a body or official of which the Village Board has delegated the authority to assign amounts for specific purposes.

Unassigned – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)

E. Utility Rates – Enterprise Funds

The Village of Blue Mounds Sewer Utility operates under service rules which are established by the Village Board. The Water Utility operates under service rules, which are established by the Public Service Commission of Wisconsin. Water rate charges are regulated by the Public Service Commission. Billings are made to customers on a monthly basis for water and sewer service.

F. Income Taxes

The Village of Blue Mounds water and sewer utilities are municipal utilities. Municipal utilities are exempt from income taxes and therefore no income tax liability is recorded.

G. Stewardship, Compliance, and Accountability

1) Budgetary Information

The Village's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

Operating budgets are adopted each year for the general fund. The original budget was adopted on December 4, 2013.

2) Limitations on the Village Tax Levy

As part of Wisconsin's Act 25 (2005), legislation was passed that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the percentage change in the Village's equalized value due to new construction. Changes in debt service from one year to the next are generally exempt from this limit.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)

H. Excess Expenditures over Appropriations

The Village controls expenditures at the department level.

Department	2014 Actual	2014 Budget	Variance
Culture, Recreation and Education	21,745	10,507	11,238
Public Safety	240,503	232,285	8,218
Conservation and Development	200	-	200

The Budget to Actual comparison can be found on Page 42 of the report.

I. Capital Contributions – Proprietary Funds

Contributions in aid of construction represent amounts received from customers for construction and the value of property (plant) contributed to the utilities. These are reported as additions to net position on the Statement of Revenues, Expenses and Changes in Net Position. There were capital contributions in 2014 for five new homes.

J. Tax Incremental Financing District

The Village has one Tax Incremental District (TID). The transactions of the District are shown in the TIF #1 Fund. TID's are authorized by Section 66.1105 of the Wisconsin Statutes. It is a method by which the Village can recover its project costs in the designated district of the Village. Those costs are recovered through tax increments, which are placed on the tax rolls.

K. Advances to Other Funds

Non-current portions of long-term inter-fund loan receivables are reported as advances and are offset equally by a non-spendable fund balance account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

See Note 8 for additional information.

L. PSC Regulatory Credit

In 2004 the Public Service Commission of Wisconsin required regulated utilities to create a regulatory credit account. The amount of the credit was equal to the estimated accumulated depreciation on contributed utility plant as of December 31, 2003. The credit has the effect of reducing the rate base used by the Commission in approving user rates charged by the utilities. The credit is reported as a deferred inflow on the statement of net position. The credit is being amortized to non-operating income over a period of 20 years. As of December 31, 2014, the balance was \$48,007.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

1. Summary of Significant Accounting Policies (Continued)

M. Inter-fund Transactions

Inter-fund transactions include the following:

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Such transactions include the following:

The water utility is charged a tax equivalent due to the general fund. Charges for the tax equivalent are recorded as operating transfers in the general fund and water utility fund financial statements. The tax equivalent is recorded as a transfer in the government-wide statements as well. In 2014, the transfer was \$53,251.

In addition, the water and sewer utilities provide basic services to the general fund. Charges for fire protection, sanitation and basic services are recorded as expenditures in the general fund.

The sewer utility pays an annual meter use charge to the water utility in accordance with requirements of the Public Service Commission. The annual charge is recorded as an operating expense of the sewer utility and as a reduction of various operating expenses and as operating revenue of the water utility based on the components of the charge.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

The Village pools its cash. Its inter-fund receivables/payables represent cash loaned to other funds on an interim basis.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers.

2. Cash and Cash Equivalents

Cash for all Village funds is not pooled for investment purposes. At December 31, 2014, the cash and investments consist of the following:

Petty Cash/Cash on Hand	\$ 220
Deposits with Financial Institutions	2,257,135
Wisconsin Local Government Investment Pool	875,292
Total Cash and Investments	<u><u>\$3,132,647</u></u>

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

2. Cash and Cash Equivalents (Continued)

Cash and investments as of December 31, 2014 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 1,996,271
Restricted Cash	812,917
Fiduciary Funds:	
Cash and Cash Equivalents	323,459
Total Cash and Investments	<u><u>\$3,132,647</u></u>

Investments Authorized by Wisconsin Statutes

The Village is required to invest its funds in accordance with Section 66.04(2) of the Wisconsin Statutes. Such statute authorizes the Village to invest any of its funds not immediately needed in:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Village, plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

Investments of the Village are stated at fair value.

No significant violation for these restrictions occurred during the year.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

2. Cash and Cash Equivalents (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

The LGIP investments have an average maturity of 117 days for the month ended December 31, 2014.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investments choices. As of December 31, 2014, the Village's investment in the Wisconsin Local Government Investment Pool was not rated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Village would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Village does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand deposits and \$250,000 for time and savings deposits. Bank accounts and the local government investment pool are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

The Village's custodial credit risk has been minimized by their depository institution's participation in the Wisconsin CDARS program. Under this program, the Village has a checking account with a sweep account feature. The FDIC acts as the gateway to place funds exceeding the \$250,000 limit into CDs with other banks. The CDs are held in the Village's name. A listing of CDs is provided on a monthly basis with the bank statement. Accordingly, the Village of Blue Mounds does not have exposure for exceeding the \$250,000 limit even though all deposits are through one local bank.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

2. Cash and Cash Equivalents (Continued)

Custodial Credit Risk (Continued)

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Village.

Concentration of Credit Risk

The Village does not have a policy for concentration of credit risk. All of the Village's investments were in the local government investment pool.

3. Receivables

The Village's special assessments of \$1,522 are set up for installment and are anticipated to be collected over 5 to 15 years. All other receivables are anticipated to be collected within one year.

4. Capital Assets

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

	Balance 1/1/14	Additions	Retirements	Balance 12/31/14
Governmental Activities				
Non-Depreciable Capital Assets:				
Land	\$ 389,181	\$ -	\$ -	\$ 389,181
Construction in Progress	750	5,896	-	6,646
Total Non-Depreciable Capital Assets	<u>\$ 389,931</u>	<u>\$ 5,896</u>	<u>\$ -</u>	<u>\$ 395,827</u>
Capital Assets Being Depreciated				
Infrastructure	1,637,818	-	-	1,637,818
Building and Improvements	187,828	2,100	-	189,928
Improvements and Equipment	495,010	61,377	129,477	426,910
Total Capital Assets Being Depreciated	<u>2,320,656</u>	<u>63,477</u>	<u>129,477</u>	<u>2,254,656</u>
Total Capital Assets	<u>\$2,710,587</u>	<u>\$ 69,373</u>	<u>\$ 129,477</u>	<u>\$2,650,483</u>
Less: Accumulated Depreciation	(891,181)	(100,515)	(129,477)	(862,219)
Capital Assets Net of Depreciation	<u>\$1,819,406</u>	<u>\$ (31,142)</u>	<u>\$ -</u>	<u>\$1,788,264</u>

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

4. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

General Government	\$ 2,314
Public Safety	7,528
Public Works	82,546
Culture, Recreation and Education	8,127
Total Governmental Activities Depreciation Expense	<u>\$ 100,515</u>

Capital asset activity in the business type activities for the year ended December 31, 2014 was as follows:

	Balance 1/1/14	Adjustments	Additions	Retirements	Balance 12/31/14
Business-Type Activities					
Non-Depreciable Capital Assets:					
Land	\$ 19,262	\$ (4,949)	\$ -	\$ -	\$ 14,313
Construction Work in Progress	-	-	27,420	-	27,420
Total Non-Depreciable Capital Assets:	<u>\$ 19,262</u>	<u>\$ (4,949)</u>	<u>\$ 27,420</u>	<u>\$ -</u>	<u>\$ 41,733</u>
Capital Assets Being Depreciated:					
Infrastructure	\$ 3,664,403	\$ -	\$ 32,142	\$ -	\$3,696,545
Buildings and Improvements	1,394,709	5,100	10,670	4,359	1,406,120
Improvements and Equipment	1,151,852	(150)	7,369	23,114	1,135,957
Total Capital Assets Being Depreciated:	<u>6,210,964</u>	<u>4,950</u>	<u>50,181</u>	<u>27,473</u>	<u>6,238,622</u>
Total Capital Assets	\$ 6,230,226	\$ 1	\$ 77,601	\$ 27,473	\$6,280,355
Less Accumulated Depreciation	(2,440,755)	(297)	(142,880)	(26,833)	(2,557,099)
Capital Assets Net of Depreciation	<u>\$ 3,789,471</u>	<u>\$ (296)</u>	<u>\$ (65,279)</u>	<u>\$ 641</u>	<u>\$3,723,256</u>

Depreciation expense was charged to functions as follows:

Water Utility	\$ 57,122
Sewer Utility	85,758
Total Business-Type Activities Depreciation Expense	<u>\$ 142,880</u>

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

5. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The Village bills and collects its own property taxes and also collects taxes for the School District of Mount Horeb, Madison Area Technical College, Dane County and the State of Wisconsin. In accordance with State statutes, the property taxes are levied no later than the third Monday in December. Taxes are due on January 31, 2015 unless the installment method is chosen in which one-half is due on January 31, 2015 and one-half on July 31, 2015, respectively.

Agency fund amounts due to other taxing units at December 31, 2014 as the result of the billing of the 2014 tax roll are as follows:

School District of Mount Horeb	\$ 445,738
Madison Area Technical College	39,074
Dane County	146,972
State of Wisconsin	10,392
	<u>\$ 642,176</u>

Taxes unpaid as of July 31 are turned over to the Dane County Treasurer for collection. Village property tax revenue is recognized in the year to which the levy pertains.

6. Inter-fund Receivables/Payables and Advances

There were no inter-fund receivables and payables as of 12/31/2014.

The schedule of inter-fund advances is as follows:

Interfund Advances

Receivable Fund	Payable Fund	Amount	Purpose
Sewer	TIF #1	\$ 87,165	Operation/capital
Total internal balances per GW Statement of Net Position		<u>\$ 87,165</u>	

The schedule of inter-fund transfers is as follows:

Interfund Transfers

Receiving Fund	Paying Fund	Amount	Purpose
General	Water	\$ 53,251	Tax equivalent
General	DOT	960	Administrative fees
Capital Projects	General	15,000	Street projects
Debt service	General	51,079	Debt payments
Total transfers in governmental funds		120,290	
Less interfund eliminations		(67,039)	
Transfers per government-wide Statement of Activities		<u>\$ 53,251</u>	

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

7. Long-Term Obligations

The following is a summary of the long-term debt outstanding for the Village.

General Long-Term Obligations:	Balance 1/1/14	Increases	Decreases	Balance 12/31/14	Current Portion
5/24/06 State Fund Trust Loan \$500,000 @ 5% payable annually on 3/15. Final maturity 3/15/2026	\$ 426,224	\$ -	\$ 28,833	\$ 397,391	\$ 19,500
6/22/2009 State Trust Fund \$208,618 @ 5.5%, payable annually on 3/15. Final maturity 3/15/2024	165,904	-	11,445	154,459	12,000
7/13/2009 State Trust Fund \$318,242 @ 5.5%, payable annually on 3/15. Final maturity 3/15/2024. \$228,846 water, \$89,396 general	70,876	-	4,889	65,987	5,127
8/18/2009 State Trust Fund \$182,656 @ 5.5%, payable annually on 3/15. Final maturity 3/15/2024	144,058	-	9,938	134,120	10,420
3/18/2010 State Trust Fund \$165,665 @ 5.5%, payable annually on 3/15. Final maturity 3/15/2024	142,263	-	8,742	133,521	9,158
General Long-Term Obligations	949,325	-	63,847	885,478	56,205
Proprietary Funds:					
7/13/2009 State Trust Fund \$318,242 @ 5.5%, payable annually on 3/15. Final maturity 3/15/2024. \$228,846 water, \$89,396 general	181,436	-	12,516	168,920	13,123
Proprietary Fund General Long-Term Obligations	181,436	-	12,516	168,920	13,123
Total General Obligation Debt	\$ 1,130,761	\$ -	\$ 76,363	\$ 1,054,398	\$ 69,328

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

7. Long-Term Obligations (Continued)

Mortgage Revenue Bonds:	Balance 1/1/14	Increases	Decreases	Balance 12/31/14	Current Portion
Water \$520,000 Mortgage Revenue Refunding Bond dated 10/1/2013. Interest payable 5/1 and 11/1, 360 day year, matures 5/1/2023.	\$ 520,000	\$ -	\$ 20,000	\$ 500,000	\$ 20,000
Clean Water Fund Loan, authorized loan of \$1,152,260, interest at 3.155%, interest due 5/1 and 11/1.	212,624	-	68,685	143,939	70,852
Total Mortgage Revenue Bonds	\$ 732,624	\$ -	\$ 88,685	\$ 643,939	\$ 90,852

Lease Revenue Bonds:	Balance 1/1/14	Increases	Decreases	Balance 12/31/14	Current Portion
\$2,625,000 Community Development Lease Revenue Bond dated 7/18/2006. Payments due semi-annually on 4/1 and 10/1. Interest varies from 3.8%-4.75%. Maturity on 4/1/2023.	\$ 2,155,000	\$ -	\$ 160,000	\$ 1,995,000	\$ 170,000
Total Lease Revenue Bonds	\$ 2,155,000	\$ -	\$ 160,000	\$ 1,995,000	\$ 170,000

The lease revenue bond is reported as a governmental debt.

In 2012, the police department leased a 2012 Dodge Charger. The final payment on the capital lease was made in 2014.

Capital Lease:	Balance 1/1/2014	Increase	Decrease	Balance 12/31/2014
\$25,660 Capital Lease dated 2/17/2012. Payment is due annually on 2/17. Interest at 6.50%. Maturity on 2/17/2014.	\$ 8,542	\$ -	\$ 8,542	\$ -
	\$ 8,542	\$ -	\$ 8,542	\$ -

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

7. Long-Term Obligations (Continued)

Debt service requirements to maturity are as follows:

Years	Governmental Funds		General Obligation Debt Proprietary Funds		Total GO Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
	2015	\$ 56,205	\$ 46,714	\$ 13,123	\$ 9,291	\$ 69,328	\$ 56,005
2016	60,654	43,840	13,821	8,592	74,475	52,432	126,907
2017	64,848	40,495	14,605	7,809	79,453	48,304	127,757
2018	69,594	37,048	15,408	7,005	85,002	44,053	129,055
2019	74,464	33,353	16,254	6,158	90,718	39,511	130,229
2020-2024	457,167	101,885	95,709	16,376	552,876	118,261	671,137
2025-2026	102,546	7,125	-	-	102,546	7,125	109,671
Totals	<u>\$ 885,478</u>	<u>\$ 310,460</u>	<u>\$ 168,920</u>	<u>\$ 55,231</u>	<u>\$ 1,054,398</u>	<u>\$ 365,691</u>	<u>\$ 1,420,089</u>

The repayment for the water mortgage revenue bond debt is as follows:

Years	Water Mortgage Revenue Bond		
	Principal	Interest	Total
2015	\$ 20,000	\$ 19,425	\$ 39,425
2016	25,000	18,975	43,975
2017	25,000	18,475	43,475
2018	25,000	17,975	42,975
2019	25,000	17,256	42,256
2020-2024	135,000	71,747	206,747
2025-2029	165,000	39,809	204,809
2030-2031	80,000	3,920	83,920
Totals	<u>\$ 500,000</u>	<u>\$ 207,582</u>	<u>\$ 707,582</u>

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

7. Long-Term Obligations (Continued)

The repayment schedule for the sewer clean-water debt is as follows:

Clean-Water Fund Loan			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 70,852	\$ 3,423	\$ 74,275
2016	73,087	1,153	74,240
	<u>\$143,939</u>	<u>\$ 4,576</u>	<u>\$148,515</u>

The repayment for the Community Development Lease Revenue Bond is as follows:

2006 Community Development Lease Revenue Bond			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 170,000	\$ 88,365	\$ 258,365
2016	180,000	80,837	260,837
2017	190,000	72,647	262,647
2018	205,000	63,709	268,709
2019	220,000	53,985	273,985
2020-2023	<u>1,030,000</u>	<u>101,413</u>	<u>1,131,413</u>
	<u>\$1,995,000</u>	<u>\$ 460,956</u>	<u>\$2,455,956</u>

All general obligation notes and bonds payable are backed by the full faith and credit of the municipality. Notes and bonds will be retired by future property tax levies accumulated by the debt service fund. Proprietary fund debt is payable by revenues from user fees of those funds, or if the revenues are not sufficient, by future tax levies.

The Village's general obligation debt limit is equal to 5% of the Village's total equalized value. The Village's debt limit as of December 31, 2014 is \$3,061,695. Debt subject to the limit is \$1,054,398. There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

7. Long-Term Obligations (Continued)

Debt Coverage – Water

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the annual debt service of the bonds. The coverage requirement was met as follows:

	Water
Annual debt service 2013 refunding bond	\$ 39,425
Ratio	<u>125%</u>
Net Revenues required	<u>\$ 49,281</u>
 REVENUES	
Charges for Services	\$ 196,075
Other Operating Revenues	<u>18,491</u>
Total Operating Revenues	<u>214,566</u>
 OPERATING EXPENSES	
Operation and Maintenance	96,721
Taxes (excluding tax equivalent)	<u>1,697</u>
Total expenses for coverage ratio calculation	<u>98,418</u>
Net from operations for coverage ratio calculation	116,148
 NON-OPERATING REVENUES (EXPENSES)	
Interest and Investment Revenue	<u>62</u>
Net Revenues per bond ordinance	<u>\$ 116,210</u>
Net Revenues Above Required Amount	<u>\$ 66,929</u>

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

8. Inter-fund Advances

The following is a summary of the advance activity:

	Balance	Additions	Repayments	Balance
	1/1/14			12/31/14
TIF advance payable to sewer	\$ 128,762	\$ -	\$ 41,597	\$ 87,165
	\$ 128,762	\$ -	\$ 41,597	\$ 87,165

The TIF District has a long-term advance payable of \$87,165 from the Village's sewer fund for the wastewater treatment plant upgrade. The advances were set up for repayment in 2001 by Village Board resolution. The repayment schedule is as follows:

\$539,009 Sewer
Interest Rate: 3.155%

Year	Principal	Interest	Total
2015	\$ 42,909	\$ 2,750	\$ 45,659
2016	44,256	1,404	45,660
Total	\$ 87,165	\$ 4,154	\$ 91,319

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

9. Fund Balance and Net Position

The following is a detailed schedule of ending fund balances as reported in the fund financial statements by category:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General Fund					
Restricted for Parks	\$ -	\$ 49,049	\$ -	\$ -	\$ 49,049
Restricted for Capital Projects (unspent bond proceeds, IRS interest rebates)	-	177,356	-	-	177,356
Designated - Cash Flows	-	-	-	125,000	125,000
Unassigned	-	-	-	332,933	332,933
Subtotal General Fund	\$ -	\$ 226,405	\$ -	\$ 457,933	\$ 684,338
Capital Projects Funds					
General	\$ -	\$ -	\$ 55,200	\$ -	\$ 55,200
Subtotal Capital Projects Fund	\$ -	\$ -	\$ 55,200	\$ -	\$ 55,200
TIF #1/CDA Fund					
TIF Other	\$ -	\$ 387,031	\$ -	\$ -	\$ 387,031
Restricted Cash	-	262,501	-	-	262,501
Subtotal TIF #1/CDA Fund	\$ -	\$ 649,532	\$ -	\$ -	\$ 649,532
DOT Fund					
General	\$ 870	\$ -	\$ -	\$ -	\$ 870
Subtotal DOT Fund	\$ 870	\$ -	\$ -	\$ -	\$ 870
GRAND TOTAL ALL FUNDS	\$ 870	\$ 875,937	\$ 55,200	\$ 457,933	\$ 1,389,940

Net investment in capital assets was as follows:

	Governmental			Total
	Activities	Water	Sewer	Bus-type
Capital assets	\$ 1,788,264	\$ 1,916,669	\$ 1,806,587	\$ 3,723,256
less current portion long term debt	(226,205)	(33,123)	(70,852)	(103,975)
less long term debt	(2,654,273)	(635,797)	(73,087)	(708,884)
less regulatory credit	-	(48,007)	-	(48,007)
plus TIF debt related to water/sewer	471,199	-	-	-
plus debt not related to capital assets				
5/24/06 STFL \$500,000	397,391	-	-	-
plus debt reserve	262,501	-	-	-
	<u>\$ 38,877</u>	<u>\$ 1,199,742</u>	<u>\$ 1,662,648</u>	<u>\$ 2,862,390</u>

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

9. Fund Balance and Net Position (Continued)

The restricted net position as of December 31, 2014, consists of the following:

	Governmental Activities	Water	Sewer	Total Bus-type
TIF #1/CDA	\$ 387,031	\$ -	\$ -	\$ -
Total Restricted for Capital Projects	<u>\$ 387,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service	\$ -	46,236	\$ -	\$ 46,236
Total Restricted for Debt Service	<u>\$ -</u>	<u>\$ 46,236</u>	<u>\$ -</u>	<u>\$ 46,236</u>
General fund restricted cash	\$ 54,126	\$ -	\$ -	\$ -
Equipment Replacement	-	25,002	425,052	450,054
Total Restricted for Other Projects	<u>\$ 54,126</u>	<u>\$ 25,002</u>	<u>\$ 425,052</u>	<u>\$ 450,054</u>
Total Restricted Net Position	<u><u>\$ 441,157</u></u>	<u><u>\$ 71,238</u></u>	<u><u>\$ 425,052</u></u>	<u><u>\$ 496,290</u></u>

10. Wisconsin Retirement System

All eligible Village employees participate in the Wisconsin Retirement System (“WRS”), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All permanent employees hired before July 1, 2011 and expected to work at least 600 hours a year are eligible to participate in the WRS. For employees initially working for a WRS employer on or after July 1, 2011, the eligibility criteria is that the employee is expected to work at least two-thirds (1,200 hours) of full time per year and is expected to be employed for at least one year (365 consecutive days, 366 in leap year) from employee’s date of hire. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Covered employees are required by statute to contribute one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.31%
Protective without Social Security	7.00%	13.91%

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

10. Wisconsin Retirement System (Continued)

The information provided in this paragraph relates to the WRS plan year information for calendar years ended December 31, 2012-2014. The payroll for Village employees covered by the WRS for the year ended December 31, 2014 was \$213,998; the employer's total payroll was \$261,438. The total required contribution for the year ended December 31, 2014 was \$31,716 which consisted of \$14,980 or 7.0% of payroll from the general employees and \$16,736 or 7.8% of covered payroll which represents the employer's portion of the contribution. The Village paid the employer and employee portion for payrolls before June 29, 2011. Total contributions for the years ending December 31, 2013 and 2012 were \$30,788 and \$23,244, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, (3) a formula factor. Final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. Participants hired after June 30, 2011 are fully vested after five years.

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

The Village has no pension related debt.

11. Joint Ventures - Fire District

The Village of Blue Mounds has entered into an agreement with the Village of Mount Horeb and the Townships of Blue Mounds, Springdale, Cross Plains, Perry, Primrose, and Vermont for fire protection and EMS services. The agreement outlines the provisions for a joint fire district pursuant to Section 66.30, Wisconsin Statutes.

The terms of the agreement calls for fire protection service to all or portions of the previously mentioned municipalities. The Village of Mount Horeb has two commissioners representing the fire district; the remaining municipalities have one. Funding of the District is based on each municipality's proportion of equalized value within the district. The Village of Blue Mound's portion of the budget is as follows:

	<u>2014</u>	<u>2015</u>
Fire & EMS	<u>\$ 23,989</u>	<u>\$ 26,708</u>

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

12. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; workers compensation; and health care of its employees. All risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years.

13. Tax Incremental District

The Village has created a tax incremental financing district (TIF) in accordance with Section 66.1105 (previously 66.46) of the Wisconsin Statutes. The resolution creating TIF #1 was dated September 25, 1995. The project plans detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components. Transactions of the tax incremental districts have been accounted for in separate capital projects funds. Project expenditures have been financed by proceeds from long-term borrowing and advances from the utility-fund. The indebtedness is expected to be paid from the increase in property tax revenue which results from the increased valuation in the tax incremental districts.

The following is a summary of the TIF District expenditures and revenues through December 31, 2014:

	TIF #1
Accumulated Project Expenditures	
Construction	\$ 3,698,644
Administration	304,526
Interest on debt	1,564,821
Total Expenditures	\$ 5,567,991
Accumulated project revenues	3,825,132
Future project revenues necessary to recover expenditures to date	\$ 1,742,859

The Village has a development agreement with a developer that allows the Village to invoke special assessments if development goals are not met. In 2014 the Village Board approved Resolution R14-04 Amending Special Assessment Resolutions R09-23, R10-02 and R11-22 eliminating future special assessments.

14. Commitments and Subsequent Events

On April 2, 2015, the Village issued \$1,890,000 in Community Development Lease Revenue Refunding Bonds. The bonds were issued to refinance the 2006 State Trust Fund Loan.

On April 2, 2015, the Village issued \$1,565,000 in General Obligation Corporate Purpose Bonds. The bonds were issued to refinance five State Trust Fund Loans from 2006, 2009, and 2010.

The Village committed to having the county complete the design in 2014 for the County F and Cave of the Mounds Road project. Construction will begin in 2015. Estimated total project cost is \$1,300,000 with the Village portion estimated to be around \$667,000.

VILLAGE OF BLUE MOUNDS
Notes to Financial Statements
December 31, 2014

14. Commitments and Subsequent Events (Continued)

The Village remodeled the park shelter in 2015 for \$50,223. The Village has been approved for a PARC grant in the amount of \$26,408 which will offset approximately 50% of the cost of remodeling.

The Village has committed \$10,200 to Black Oak Woodworks Architectural Services for the proposed addition to the Village Hall. This project has been put on hold.

On April 29, 2015 the Village purchased Headworks Screening Equipment in the amount of \$57,395.

The Water Utility is currently in the process of conducting a rate case study. Rates are anticipated to increase 26%. The public hearing for the rate case study is scheduled for July 7, 2015.

15. Effect of New Accounting Standards on Current Year Financial Statements

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, and GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. Application of these standards may require restatement of portions of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

**Village of Blue Mounds
Blue Mounds, Wisconsin**

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (with Variances)
General Fund
For the year ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 289,261	\$ 289,261	\$ 289,270	\$ 9
Other Taxes	23,500	23,500	34,725	11,225
Special Assessment Revenue	485	485	485	-
Intergovernmental	180,111	180,111	180,933	822
License and Permits	14,713	14,713	22,099	7,386
Fines, Forfeits and Penalties	28,570	28,570	27,238	(1,332)
Public Charges for Services	62,970	62,970	72,395	9,425
Intergovernmental Charges for Services	-	-	1,443	1,443
Interest Income	1,780	1,780	1,410	(370)
Miscellaneous Income	168	2,400	3,326	926
Total Revenues	<u>601,558</u>	<u>603,790</u>	<u>633,324</u>	<u>29,534</u>
EXPENDITURES				
Current:				
General Government	168,022	168,310	152,614	15,696
Public Safety	234,635	232,285	240,503	(8,218)
Public Works	166,424	166,424	151,691	14,733
Health and Human Services	3,074	3,074	3,074	-
Culture, Recreation and Education	10,507	10,507	21,745	(11,238)
Conservation and Development	-	-	200	(200)
Capital Outlay	9,600	6,560	5,553	1,007
Debt Service				
Principal Repayment Capital Lease	-	8,544	8,542	2
Interest Expense	-	556	555	1
Total Expenditures	<u>592,262</u>	<u>596,260</u>	<u>584,477</u>	<u>11,783</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,296</u>	<u>7,530</u>	<u>48,847</u>	<u>41,317</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	1,500	1,500	14,958	13,458
Transfers In	92,355	92,355	54,211	(38,144)
Transfers Out	(74,278)	(74,278)	(66,079)	8,199
Total Other Financing Sources (Uses)	<u>19,577</u>	<u>19,577</u>	<u>3,090</u>	<u>(16,487)</u>
Net Change in Fund Balances	28,873	27,107	51,937	24,830
Fund Balances - Beginning	<u>632,401</u>	<u>632,401</u>	<u>632,401</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 661,274</u>	<u>\$ 659,508</u>	<u>\$ 684,338</u>	<u>\$ 24,830</u>