



FINANCE COMMITTEE JOINT VILLAGE BOARD MEETING AGENDA

Wednesday, May 7, 2014 at 4:00 PM
Sister Bay Liberty Grove Fire Station
2258 Mill Road

For additional information check: <http://www.sisterbaywi.gov>

In order for everyone to hear the discussion please, turn off your cell phone. Thank you.

Call Meeting to Order

Roll Call

1	Chair – Vacant		2	Dave Lienau	
3	Pat Duffy				
	Administrator – Zeke Jackson			Finance Director – Juliana Neuman	

Approval of the Agenda

Approval of minutes as attached

Comments and Correspondence

Discussion Items

1. Presentation of the 2013 Annual Audit by Michael Konecny of Schenck SC.

Adjournment

Public Notice

Questions regarding the nature of the agenda items or more detail on the agenda items listed above scheduled to be considered by the governmental body listed above can be directed to Zeke Jackson, Village Administrator at 920-854-4118 or zeke.jackson@sisterbaywi.gov.

It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information; no action will be taken by any governmental body at the above-stated meeting other than the governmental body specifically referred to above in this notice. Upon reasonable notice, a good faith effort will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aid at no cost to the individual to participate in public meetings. Due to the difficulty in finding interpreters, requests should be made as far in advance as possible preferably a minimum of 48 hours. For additional information or to request this service, contact the Sister Bay Village Administrator at 854-4118, (FAX) 854-9637, or by writing to the Village Administrator at the Village Administration Building, 2383 Maple Drive, PO Box 769, Sister Bay, WI 54234. Copies of reports and other supporting documentation are available for review at the Village Administrator's Office, Administration Building, 2383 Maple Drive during operating hours. (8 a.m. – 4 p.m. weekdays).

I hereby certify that I have posted a copy of this agenda at the following locations:		
<input type="checkbox"/> Administration Building	<input type="checkbox"/> Library	<input type="checkbox"/> Post Office
Name _____ /		Date _____

1 quotes also include an option to add an extra 2 inches of gravel to improve the strength of each base.
 2 Neuman noted that the total for repair of the two streets with the extra gravel comes to \$94,960, just
 3 \$6354 more than we currently have in Capital Project Reserves for this purpose. There is also street
 4 maintenance money in the Parks budget (\$9437 for 2014).

5
 6 Lienau pointed out that Scandia and Woodcrest comprise the approved route that waste haulers use to
 7 reach the Wastewater Plant, as well as the construction detour route both now and during the DOT
 8 project in 2015-16. Duffy stated that any repair we make must be strong enough to withstand that heavy
 9 usage and added that the corners will require extra fortification. Jackson agreed to make sure that
 10 Kolodziej knows that Scandia/Woodcrest is the waste haulers' route and to ask Kolodziej whether the
 11 repairs as quoted can be expected to hold up to that traffic as well as during the DOT detour period.
 12 However, he pointed out that the waste hauling will occur anyway; it is only the DOT detour that might
 13 add some heavy usage, but that will probably be minimal given the scope of work. Lienau commented
 14 that the Canterbury/Maple bypass will tend to increase traffic on Woodcrest as well.

15 *Solomon moved and Duffy seconded that the Village move ahead, contingent on Kolodziej's reply,*
 16 *with the repairs to Scandia and Woodcrest roads as quoted by the County Highway Department. All*
 17 *voted Aye.*

18
 19 Note: Kolodziej will also prepare a quote for repairs to Bluffside, which was not included in the initial
 20 quotes. The DOT will be responsible for the first 150 feet (at the hill) and will curb its portion. A
 21 stormwater solution will be essential to avoid flooding at the end of the curbed section. Older catch
 22 basins under the street are likely to need cleaning and repair.

23 24 **6. Discussion on funding for planned capital projects**

25 Beach Expansion

26 Neuman reviewed the possible sources of funding: a commitment from Baylake Bank to loan
 27 \$650,000, the Stewardship grant remainder of \$646,000, and four grant applications. The bank loan
 28 would be for ten years, with a loan origination fee of \$500 and an interest rate fixed at 1.965% for the
 29 first five years. The largest grant amount could be \$800,000.

30 *Lienau moved to recommend that the Village Board accept bank loan financing and the use of the*
 31 *Stewardship grant and/or new grant money to fund the beach project. The motion was seconded by*
 32 *Solomon and all voted Aye.*

33 34 Economic Development

35 Jackson presented the possibility of working with a second recruiter on a result-based fee basis, either
 36 instead of or in addition to Vandewalle and Associates. The two most interested property owners have
 37 agreed to contribute some money to assist with Vanderwalle's recruitment efforts, with \$5,000 paid up
 38 front by each and another \$5,000 each upon a successful sale of property. A memorandum of
 39 understanding would be required. Vandewalle's price is \$25,000—originally for six months but now
 40 extended by Jackson to one year. Unlike Vandewalle, the second recruiting firm seeks hotel
 41 development only.

42 *Duffy moved to recommend engaging Vandewalle for another \$25,000, with a maximum liability of*
 43 *\$15,000 after contributions from the two interested property owners. Lienau seconded the motion and*
 44 *all voted Aye.*

45
 46 Lienau noted that the Village parcel across Mill Road from the expanded beach should also be
 47 marketed. It was valued by Troy Zacharias at \$490-550,000, for the land alone. Jackson suggested that
 48 the value will increase if we concentrate on the Bay Shore Drive parcels first.

49 50 Bay Shore Drive Sewer & Water Project

51 Utilities has sufficient cash on hand or nearly so. A short-term bank loan will be obtained if necessary.

1
2 Bay Shore Drive Stormwater Project and Engineering

3 A portion of the Stewardship grant will be needed by July, to cover the completed Donahue/Dorner
4 work.

5 *Solomon moved to recommend using \$365,000 of the Stewardship grant funds for the Village portion of*
6 *the current phase of the Bay Shore Drive project. Lienau seconded the motion and all voted Aye.*
7

8 Bay Shore Overhead Burial

9 There is no quote as yet. The sale of the Old School is delayed, pending the completion of a survey.
10 Lienau proposed waiting for more information before making any recommendation.

11
12 DOT Lighting

13 Jackson has requested a list of credits from the DOT. Costs may change depending on decisions about
14 the location and type of fixtures and service.
15

16 **7. Consider a motion to convene into Closed Session pursuant to Wisconsin State Statute §19.85(1)(c)**
17 **to discuss personnel and employee benefits and 19.85(1)(e) deliberating or negotiating the purchasing**
18 **of public properties, the investing of public funds, or conducting other specified public business,**
19 **whenever competitive or bargaining reasons require a Closed Session.**

20 Motion by Solomon, seconded by Lienau. Duffy – Yes Lienau– Yes Solomon -- Yes
21

22 **8. Consider a motion to reconvene into Open Session.**

23 Motion by Solomon, seconded by Lienau. Duffy – Yes Lienau– Yes Solomon -- Yes
24

25 **9. Consider a motion to take action, if required**

26 *Lienau moved to recommend to the Village Board that up to \$115,000 of the Fire Truck Reserve*
27 *account be used to pay for the Canterbury/Maple road bypass. Solomon seconded the motion and all*
28 *voted Aye.*
29

30 **10. Matters to be placed on a future agenda or referred to a Committee, Official or Employee**

31 --Marina capital project funding

32 --Jackson to investigate the location of sprinkler system heads along the boathouse driveway.

33 --Jackson to remind Kolodziej of the waste hauler's route and to ask whether the Scandia-Woodcrest
34 repairs will hold up to detour traffic through 2015-16, during the DOT Bay Shore Drive project.

35 --A memorandum of understanding with the two downtown property owners.

36 --Garot project infrastructure funding
37

38 **Adjournment**

39 *At 4:04 PM Lienau moved and Duffy seconded that the meeting be adjourned. Motion carried.*
40

41 Respectfully submitted,



42
43 Juliana Neuman

44 Village Finance Director
45

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47 5/21/2013 9:14 AM Printed: 5/5/2014 3:06 PM Author: Juliana Neuman Last Saved By: Juliana Neuman

MANAGEMENT COMMUNICATIONS
VILLAGE OF SISTER BAY, WISCONSIN
DECEMBER 31, 2013

VILLAGE OF SISTER BAY, WISCONSIN
December 31, 2013

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To the Village Board
Village of Sister Bay, Wisconsin

We have completed our audit of the basic financial statements of the Village of Sister Bay, Wisconsin (the "Village") for the year ended December 31, 2013. The Village's financial statements, including our report thereon dated April 8, 2014, are presented in a separate audit report document. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, noncompliance with the provisions of laws, regulations, contracts and grants or other illegal acts may exist and not be detected by us.

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Village's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

Significant Audit Findings

Consideration of Internal Control

In planning and performing our audit of the financial statements of the Village as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 41 - 42 of the annual report.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Village's internal control to be a significant deficiency:

Finding 2013-001 Preparation of Annual Financial Report

This finding is described in detail in the schedule of findings and responses on page 43 of the annual report.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no significant transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates included in the financial statements were:

Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of accumulated sick leave is based upon analysis of the employees sick leave balance. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The financial statements reflect all accounting adjustments proposed during our audit. Copies of the audit adjustments are available from management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 8, 2014. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to conducting the audit. These discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

In addition, during our audit, we noted certain other matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these matters in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized in the comments and observations section of this report.

This communication, which does not affect our report dated April 8, 2014 on the financial statements of the Village, is intended solely for the information and use of the Village Council, management, and others within the Village, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Certified Public Accountants
Green Bay, Wisconsin
April 8, 2014

SUMMARY FINANCIAL INFORMATION

1. Governmental Fund Balances

Presented below is a summary of the Village's governmental fund balances on December 31, 2013, including a comparison to the prior year. This information is provided for assessing financial results for 2013 and for indicating financial resources available for 2014 and subsequent years.

	2013	2012
Governmental Funds		
General Fund		
Nonspendable		
Inventories and prepaid items	\$ 16,708	\$ 14,907
Assigned for,		
Subsequent years' budget	148,714	-
Unassigned, reported in		
General fund	243,341	523,912
Total General Fund	<u>408,763</u>	<u>538,819</u>
Special Revenue Funds		
Committed		
Ice rink	13,524	15,020
Skate park	2,717	2,646
Total Special Revenue Funds	<u>16,241</u>	<u>17,666</u>
Debt Service Fund	<u>(12,661)</u>	<u>(168,285)</u>
Capital Projects Funds		
Nonspendable		
Long-term advance to other funds	779,334	815,017
Restricted for TID expenditures	377,476	592,986
Committed for capital projects	1,318,486	1,085,670
Total Capital Projects Funds	<u>2,475,296</u>	<u>2,493,673</u>
Total Governmental Fund Balances	<u>\$ 2,887,639</u>	<u>\$ 2,881,873</u>

The Village's current general fund unassigned fund balance of \$243,341 represents approximately 15% of the 2014 budgeted general fund expenditures. The current unassigned fund balance is less than the minimum unassigned fund balance calculated in accordance with the Village policy of \$409,476. This amount represents 25% of the 2014 general fund expenditures.

Additional information on the capital projects fund is presented in comment No. 2.

2. Capital Projects Fund

A summary of the revenues, expenditures and changes in fund balance of the capital projects fund for 2013 and 2012 is presented below:

	2013	2012
Revenues		
Taxes	\$ 180,000	\$ -
State grant	-	15,457
Interest on investments	9,587	3,847
Total Revenues	<u>189,587</u>	<u>19,304</u>
Expenditures		
As budgeted:		
Sports Complex Play Apparatus	-	11,000
Trees	-	260
Various parks projects	-	7,287
Vehicle replacement	-	20,289
Parks equipment	4,709	5,862
Garbage containers	-	1,757
Picnic tables and benches	-	4,197
Redevelopment area planning	50	-
Tablet PC's for meetings	2,717	-
Baseball field improvements	5,357	-
Coastal Byways Kiosk	-	16,731
Canterbury/Maple Road	3,697	-
By budget amendment:		
Waterfront Development (TID project)	-	22,176
Consulting	362	-
From debt proceeds:		
Sports complex development	-	2,344
Total Expenditures	<u>16,892</u>	<u>91,903</u>
Excess of Revenues Over (Under) Expenditures	<u>172,695</u>	<u>(72,599)</u>
Other Financing Sources (Uses)		
Repayment of advance from utility fund	-	(180,000)
Transfer in from other funds	198,700	240,988
Transfer out to debt service fund	(138,579)	(160,000)
Total Other Financing Sources (Uses)	<u>60,121</u>	<u>(99,012)</u>
Net Change in Fund Balance	232,816	(171,611)
Fund Balance - January 1	<u>1,085,670</u>	<u>1,257,281</u>
Fund Balance - December 31	<u><u>\$ 1,318,486</u></u>	<u><u>\$ 1,085,670</u></u>

3. Water Department Operations

A comparative analysis of the water department's income account for the years ended December 31, 2013 and 2012 follows:

	2013	2012
Operating Revenues		
General customers	\$ 251,497	\$ 255,573
Public fire protection	94,501	93,451
Miscellaneous	32,170	27,788
Total Operating Revenues	<u>378,168</u>	<u>376,812</u>
Operating Expenses		
Operation and maintenance	290,796	196,546
Depreciation	100,947	100,380
Taxes	7,176	7,610
Total Operating Expenses	<u>398,919</u>	<u>304,536</u>
Operating Income (Loss)	<u>(20,751)</u>	<u>72,276</u>
Nonoperating Revenues (Expenses)		
Interest income (estimated allocation)	4,558	3,263
Impact fees	57,946	55,166
Interest on long-term debt (estimated allocation)	(12,712)	(13,811)
Miscellaneous	63	1,005
Total Nonoperating Revenues (Expenses)	<u>49,855</u>	<u>45,623</u>
Net Income (Loss) before Contributions	<u>\$ 29,104</u>	<u>\$ 117,899</u>

The Water Utility had an operating loss of \$20,751 in 2013 compared to an operating income of \$72,276 in 2012. The change was primarily due to the increase in maintenance expenses due to the painting of the water standpipe. As a result, no rate of return was generated in 2013. The rate of return calculation is a formula established by the Public Service Commission (PSC) which regulates and sets the Water Utility rates. The rate of return authorized by the PSC is 5%.

4. Wastewater Department Operation

A comparative analysis of the wastewater treatment plant and wastewater collection activities for the year ended December 31, 2013 and 2012 follows:

Treatment Plant

	2013	2012
Operating Revenues		
General customers	\$ 349,155	\$ 376,539
Service to other systems	64,075	63,741
Other sewage service	76,750	98,621
Miscellaneous	2,264	2,541
Total Operating Revenues	<u>492,244</u>	<u>541,442</u>
Operating Expenses		
Operation and maintenance	395,455	363,224
Depreciation	261,846	261,421
Taxes	9,869	9,681
Total Operating Expenses	<u>667,170</u>	<u>634,326</u>
Operating Income (Loss)	<u>(174,926)</u>	<u>(92,884)</u>
Nonoperating Revenues (Expenses) and Transfers		
Interest income (estimated allocation)	14,326	13,412
Impact fees	28,712	28,242
Interest on long-term debt (estimated allocation)	(27,541)	(29,775)
Miscellaneous	173,728	2,000
Total Nonoperating Revenues (Expenses)	<u>189,225</u>	<u>13,879</u>
Net Loss before Contributions	<u>\$ 14,299</u>	<u>\$ (79,005)</u>

The above operating loss for the treatment plant resulted from not recovering sufficient revenues from customers to fund annual depreciation expense of \$261,846 from the Wastewater Treatment Plant. However, the utility is generating positive cash flows as depreciation is not a current cash use and the principal payment on long-term debt for 2013 was \$136,900. See the cash flow statement on page 15 of the financial statements.

4. Wastewater Department Operation (Continued)**Collection System**

	2013	2012
Operating Revenues		
General customers	229,396	189,840
Service to other systems	2,094	2,031
Miscellaneous	5,091	3,488
Total Operating Revenues	<u>236,581</u>	<u>195,359</u>
Operating Expenses		
Operation and maintenance	103,689	85,298
Depreciation	66,745	66,464
Taxes	3,112	3,044
Total Operating Expenses	<u>173,546</u>	<u>154,806</u>
Operating Income	<u>63,035</u>	<u>40,553</u>
Nonoperating Revenues (Expenses) and Transfers		
Interest income (estimated allocation)	7,721	9,856
Connection fees	3,947	5,444
Impact fees	22,116	22,291
Interest on long-term debt (estimated allocation)	(13,436)	(14,601)
Miscellaneous	1,802	2,555
Total Nonoperating Revenues (Expenses)	<u>22,150</u>	<u>25,545</u>
Net Income before Contributions	<u>\$ 85,185</u>	<u>\$ 66,098</u>

5. Marina Operations

An analysis of the Marina operations for the year ended December 31, 2013 follows:

	2013	2012
Operating Revenues		
Charges for services		
Docking and launch charges	\$ 534,610	\$ 510,201
Marina services	389	465
Product and vending sales	3,189	7,999
Other operating revenues		
Rental income	10,243	20,000
Marina fest	8,910	8,209
Other revenues	157	2,940
Total Operating Revenues	557,498	549,814
Operating Expenses		
Operation and maintenance	216,309	170,776
Administrative and general	46,955	61,855
Depreciation	214,205	225,577
Taxes	6,135	7,197
Total Operating Expenses	483,604	465,405
Operating Income	73,894	84,409
Nonoperating Revenues (Expenses)		
Interest income	1,353	2,212
Interest on long-term debt	(98,133)	(102,141)
Total Nonoperating Revenues (Expenses)	(96,780)	(99,929)
Net Loss before Transfers	(22,886)	(15,520)
Transfer out for property tax equivalent	(161,905)	(158,376)
Change in Net Position	(184,791)	(173,896)
Net assets - January 1	1,956,056	2,129,952
Net Assets - December 31	\$ 1,771,265	\$ 1,956,056

6. Restricted Cash and Investments - Water and Wastewater Department

Detail of restricted cash and investments of the Water and Wastewater Utility on December 31, 2013 follows:

Fund Type	12/31/12 Balance	Adjust- ments	Used in 2013	2013 Interest Net of Fees	2013 Additions	12/31/13 Balance
Replacement Funds:						
Water System	\$ 228,331	\$ -	\$ (103,880)	\$ 540	\$ 42,068	\$ 167,059
DNR WWTP	841,153	-	(21,202)	11,203	76,024	907,178
Collection System	97,436	-	(2,400)	230	6,065	101,331
Bay Shore Drive Relay	866,081	-	(300,000)	6,208	-	572,289
Total Replacement Funds	2,033,001	-	(427,482)	18,181	124,157	1,747,857
Impact Fees:						
Wastewater Treatment Plant	-	-	(28,712)	-	28,712	-
Water Tower	158,860	-	-	1,649	43,202	203,711
Downtown Utilities - Water	6,529	-	-	37	14,744	21,310
Downtown Utilities - Sewer	10,121	-	-	56	22,116	32,293
Total Impact Fees	175,510	-	(28,712)	1,742	108,774	257,314
WWTP Land Sale	-	-	-	554	250,130	250,684
Total Utility Department Restricted Cash and Investments	\$ 2,208,511	\$ -	\$ (456,194)	\$ 20,477	\$ 483,061	\$ 2,255,855

**VILLAGE OF SISTER BAY, WISCONSIN
TAX INCREMENTAL FINANCING DISTRICT NO. 1
ANNUAL REPORT
For Year Ended December 31, 2013**

Date Created: September 4, 2008

Latest Possible Termination Date: September 4, 2028

	Current Year	From Creation through 12/31/12	Cumulative Total
Expenditures			
Planning and Administration	\$ 67,880	\$ 139,625	\$ 207,505
Project costs paid by TID fund	204,612	3,444,788	3,649,400
Project costs paid by Capital Projects fund	-	295,729	295,729
Project costs paid by Utility fund	401,861	52,572	454,433
Interest on debt paid by Debt Service fund	146,717	210,422	357,139
Interest on debt paid by Marina fund	-	33,598	33,598
Interest on debt paid by TID fund	-	58,045	58,045
Total Expenditures	\$ 821,070	\$ 4,234,779	5,055,849
Revenues			
State aid - Stewardship Grant	\$ -	\$ 1,495,995	1,495,995
Other revenues	21,300	76,965	98,265
Total Revenues	\$ 21,300	\$ 1,572,960	1,594,260
Net Unreimbursed Costs at December 31, 2013			<u>\$ 3,461,589</u>
Reconciliation to TID Fund Balance at December 31, 2013			
Outstanding Debt			\$ 3,445,000
Add: Principal of Debt paid by Debt Service Fund			32,500
Net Unreimbursed Costs at December 31, 2013 (above)		\$ 3,461,589	
Less: Projects Costs paid by other funds		<u>1,140,899</u>	
Net Costs Charged to TID fund			<u>(2,320,690)</u>
TID Fund Balance at December 31, 2013			<u>\$ 1,156,810</u>

During our current audit we reviewed the financial transactions and current status of the Village's Tax Incremental District No. 1 (TID). We also assisted the Village in completing the statutorily required TID annual reports required to be sent to each overlying taxing district by May 1.

It is important to note that the Village is responsible for making sure that all eligible TID costs are identified to ensure that all costs of the TID can be recovered through future incremental tax revenue.

COMMENTS AND OBSERVATIONS**Acknowledging Collections Received at the Office**

The Village office collects various amounts for utility bills and other Village revenues. Under present procedures, Village personnel do not always issue receipts or update the general ledger for utility collections on a timely basis. For internal control purposes, collections received should be documented and entered into the accounting system, at a minimum, the same day received. Reportedly, at various times, receipts or general ledger updates for utility collections are not issued or completed until the day a deposit is made.

Accordingly, we recommend the Village revise procedures to provide for the issuance of receipts or entering into the general ledger on the day the collections are received. The implementation of this procedure will provide additional internal control by providing information to assist in the review and monitoring of daily accounting transactions.

VILLAGE OF SISTER BAY, WISCONSIN
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2013

VILLAGE OF SISTER BAY, WISCONSIN

December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Sister Bay, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sister Bay, Wisconsin ("the Village") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Required Supplementary Information**

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

Other Information

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

The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited the Village of Sister Bay's 2012 financial statements, and our report dated April 1, 2013, expressed unmodified opinions on those respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2014, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Certified Public Accountants
Green Bay, Wisconsin
April 8, 2014

BASIC FINANCIAL STATEMENTS

VILLAGE OF SISTER BAY, WISCONSIN

Statement of Net Position

December 31, 2013

(With Summarized Financial Information as of December 31, 2012)

	Governmental Activities	Business-type Activities	Totals	
			2013	2012
ASSETS				
Cash and investments	\$ 3,252,867	\$ 1,110,765	\$ 4,363,632	\$ 4,346,425
Receivables				
Taxes	4,243,023	-	4,243,023	4,269,622
Accounts	26,460	242,142	268,602	237,927
Special assessments	-	203,690	203,690	218,157
Internal balances	763,112	(763,112)	-	-
Due from other governments	5,101	20,413	25,514	37,994
Inventories and prepaid items	16,708	33,745	50,453	48,592
Investment in joint venture	587,039	-	587,039	675,214
Restricted assets				
Cash and investments	-	2,255,855	2,255,855	2,208,511
Capital assets, nondepreciable				
Land	9,057,453	1,666,476	10,723,929	10,798,474
Construction in progress	591,210	454,434	1,045,644	456,365
Capital assets, depreciable				
Land improvements	2,039,745	3,643,865	5,683,610	5,683,610
Buildings	3,184,295	5,660,466	8,844,761	8,897,905
Machinery and equipment	358,296	1,752,775	2,111,071	2,099,027
Infrastructure	1,089,916	7,897,292	8,987,208	8,976,448
Less: Accumulated depreciation	(1,963,599)	(9,989,342)	(11,952,941)	(11,187,469)
TOTAL ASSETS	23,251,626	14,189,464	37,441,090	37,766,802
LIABILITIES				
Accounts payable	83,419	21,777	105,196	77,130
Accrued and other current liabilities	22,940	16,408	39,348	32,899
Deposits	34,521	18,100	52,621	49,804
Accrued interest payable	108,045	25,083	133,128	135,204
Due to other governments	3,286,197	-	3,286,197	3,321,974
Long-term obligations				
Due within one year	460,150	164,850	625,000	600,000
Due in more than one year	11,571,499	2,796,237	14,367,736	14,992,602
TOTAL LIABILITIES	15,566,771	3,042,455	18,609,226	19,209,613
DEFERRED INFLOWS OF RESOURCES				
Taxes	1,992,555	-	1,992,555	1,957,570
NET POSITION				
Net investment in capital assets	2,345,916	8,137,366	10,483,282	10,164,360
Restricted for plant replacement	-	1,747,858	1,747,858	2,033,001
Restricted for impact fee projects	-	257,314	257,314	175,510
Unrestricted	3,346,384	1,004,471	4,350,855	4,226,748
TOTAL NET POSITION	\$ 5,692,300	\$ 11,147,009	\$ 16,839,309	\$ 16,599,619

The notes to the basic financial statements are an integral part of this statement.

VILLAGE OF SISTER BAY, WISCONSIN

Statement of Activities

For the Year Ended December 31, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 630,616	\$ 88,249	\$ 13,194	\$ -
Administration	283,747	-	-	-
Parks and streets	748,929	4,618	61,712	-
Interest on debt	506,902	-	-	-
Total Governmental Activities	2,170,194	92,867	74,906	-
Business-type Activities:				
Water utility	600,565	378,168	-	62,446
Wastewater utility	692,759	732,772	-	50,828
Marina	581,737	557,341	-	-
Total Business-type Activities	1,875,061	1,668,281	-	113,274
Total	\$ 4,045,255	\$ 1,761,148	\$ 74,906	\$ 113,274

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Room tax

Federal and state grants and other contributions
not restricted to specific functions

Interest and investment earnings

Miscellaneous

Gain on sale of asset

Transfers

Total general revenues and transfers

Change in net position

Net position - January 1

Net position - December 31

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-type Activities	Totals	
		2013	2012
\$ (529,173)	\$ -	\$ (529,173)	\$ (452,338)
(283,747)	-	(283,747)	(259,405)
(682,599)	-	(682,599)	(486,804)
(506,902)	-	(506,902)	(528,834)
(2,002,421)	-	(2,002,421)	(1,727,381)
-	(159,951)	(159,951)	(54,019)
-	90,841	90,841	139,678
-	(24,396)	(24,396)	(20,431)
-	(93,506)	(93,506)	65,228
(2,002,421)	(93,506)	(2,095,927)	(1,662,153)
1,187,405	-	1,187,405	1,076,000
770,000	-	770,000	849,000
129,547	-	129,547	125,986
9,552	-	9,552	11,172
27,585	27,958	55,543	34,314
7,170	295	7,465	86,770
650	175,455	176,105	7,524
161,905	(161,905)	-	-
2,293,814	41,803	2,335,617	2,190,766
291,393	(51,703)	239,690	528,613
5,400,907	11,198,712	16,599,619	16,071,006
\$ 5,692,300	\$ 11,147,009	\$ 16,839,309	\$ 16,599,619

VILLAGE OF SISTER BAY, WISCONSIN

Balance Sheet

Governmental Funds

December 31, 2013

(With Summarized Financial Information as of December 31, 2012)

	General	Debt Service	Capital Projects	Tax Incremental District
ASSETS				
Cash and investments	\$ 1,513,164	\$ -	\$ 1,313,385	\$ 409,346
Receivables				
Taxes	3,434,164	808,859	-	-
Accounts	21,027	5,433	-	-
Due from other funds	18,094	-	-	-
Advance to other funds	-	-	-	779,334
Due from other governments	-	-	5,101	-
Inventories and prepaid items	16,708	-	-	-
TOTAL ASSETS	\$ 5,003,157	\$ 814,292	\$ 1,318,486	\$ 1,188,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 80,818	\$ -	\$ -	\$ 1,870
Accrued and other current liabilities	27,461	-	-	30,000
Due to other funds	16,222	18,094	-	-
Due to other governments	3,286,197	-	-	-
Total Liabilities	3,410,698	18,094	-	31,870
Deferred Inflows of Resources				
Taxes	1,183,696	808,859	-	-
Fund Balances				
Nonspendable				
Long-term advance to other funds	-	-	-	779,334
Inventories and prepaid items	16,708	-	-	-
Restricted for tax incremental district (TID)	-	-	-	377,476
Committed for				
Capital improvements	-	-	1,318,486	-
Ice rink	-	-	-	-
Skate park	-	-	-	-
Assigned for				
Subsequent years' budget	148,714	-	-	-
Unassigned, reported in				
General fund	243,341	-	-	-
Debt service fund	-	(12,661)	-	-
Total Fund Balances (Deficit)	408,763	(12,661)	1,318,486	1,156,810
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,003,157	\$ 814,292	\$ 1,318,486	\$ 1,188,680

(Continued)

Other Governmental	Totals	
	2013	2012
\$ 16,972	\$ 3,252,867	\$ 3,126,425
-	4,243,023	4,269,622
-	26,460	15,700
-	18,094	174,671
-	779,334	815,017
-	5,101	15,457
-	16,708	14,907
<u>\$ 16,972</u>	<u>\$ 8,341,587</u>	<u>\$ 8,431,799</u>

\$ 731	\$ 83,419	\$ 57,427
-	57,461	20,428
-	34,316	192,527
-	3,286,197	3,321,974
<u>731</u>	<u>3,461,393</u>	<u>3,592,356</u>

-	1,992,555	1,957,570
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-	779,334	815,017
-	16,708	14,907
-	377,476	592,986
-	1,318,486	1,085,670
13,524	13,524	15,020
2,717	2,717	2,646
-	148,714	-
-	243,341	523,912
-	(12,661)	(168,285)
<u>16,241</u>	<u>2,887,639</u>	<u>2,881,873</u>

<u>\$ 16,972</u>	<u>\$ 8,341,587</u>	<u>\$ 8,431,799</u>
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VILLAGE OF SISTER BAY, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2013

(With Summarized Financial Information as of December 31, 2012)

	Total Governmental Funds	
	2013	2012
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances as shown above	\$ 2,887,639	\$ 2,881,873
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 the funds.	14,357,316	14,359,982
Investment in joint venture related to governmental activities	587,039	675,214
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(12,011,400)	(12,385,750)
Compensated absences	(20,249)	(21,117)
Accrued interest on long-term obligations	(108,045)	(109,295)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 3)	<u>\$ 5,692,300</u>	<u>\$ 5,400,907</u>

The notes to the basic financial statements are an integral part of this statement.

VILLAGE OF SISTER BAY, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)

	General	Debt Service	Capital Projects	Tax Incremental District
Revenues				
Taxes	\$ 1,007,917	\$ 899,547	\$ 180,000	\$ -
Intergovernmental	83,946	-	-	-
Licenses and permits	28,947	-	-	-
Fines, forfeits and penalties	565	-	-	-
Public charges for services	21,907	-	-	-
Miscellaneous	28,280	-	9,587	21,300
Total Revenues	1,171,562	899,547	189,587	21,300
Expenditures				
Current				
General government	445,720	-	-	-
Administration	264,857	-	-	-
Parks and streets	549,246	-	-	-
Conservation and development	-	-	-	19,032
Debt service				
Principal	-	374,350	-	-
Interest and fiscal charges	-	508,152	-	-
Capital outlay	-	-	16,892	253,461
Total Expenditures	1,259,823	882,502	16,892	272,493
Excess of Revenues Over (Under)				
Expenditures	(88,261)	17,045	172,695	(251,193)
Other Financing Sources (Uses)				
Repayment of advance from utility fund	-	-	-	-
Transfers in	161,905	138,579	198,700	-
Transfers out	(203,700)	-	(138,579)	-
Total Other Financing Sources (Uses)	(41,795)	138,579	60,121	-
Net Change in Fund Balances	(130,056)	155,624	232,816	(251,193)
Fund Balances (Deficit) - January 1	538,819	(168,285)	1,085,670	1,408,003
Fund Balances (Deficit) - December 31	\$ 408,763	\$ (12,661)	\$ 1,318,486	\$ 1,156,810

(Continued)

Other Governmental	Totals	
	2013	2012
\$ -	\$ 2,087,464	\$ 2,051,366
-	83,946	109,228
-	28,947	29,703
-	565	1,175
16,119	38,026	33,425
1,567	60,734	116,564
<u>17,686</u>	<u>2,299,682</u>	<u>2,341,461</u>
-	445,720	469,122
-	264,857	227,048
24,111	573,357	466,691
-	19,032	33,505
-	374,350	296,050
-	508,152	673,274
-	270,353	186,455
<u>24,111</u>	<u>2,455,821</u>	<u>2,352,145</u>
<u>(6,425)</u>	<u>(156,139)</u>	<u>(10,684)</u>
-	-	(180,000)
5,000	504,184	564,364
-	(342,279)	(405,988)
<u>5,000</u>	<u>161,905</u>	<u>(21,624)</u>
(1,425)	5,766	(32,308)
<u>17,666</u>	<u>2,881,873</u>	<u>2,914,181</u>
<u>\$ 16,241</u>	<u>\$ 2,887,639</u>	<u>\$ 2,881,873</u>

VILLAGE OF SISTER BAY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

Reconciliation to the Statement of Activities

	2013	2012
Net Change in Fund Balances as shown on previous page	\$ 5,766	\$ (32,308)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	\$ 210,567	
Depreciation expense reported in the statement of activities	<u>(198,526)</u>	
Amount by which capital outlays are greater (less) than depreciation current period	12,041	(2,815)
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Loss on disposition reported on the statement of activities	(14,707)	(671)
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by:		
	868	321
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the statement of activities when earned.		
	(88,175)	-
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.		
The amount of repayment in the current year is:	374,350	296,050
Repayment of advance from utility fund	-	180,000
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.		
	1,250	152,759
Bond issue costs are reported in the governmental funds as an expenditure. In the statement of activities, these costs are capitalized and amortized over the life of the bonds.		
	-	<u>(8,319)</u>
Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 4 - 5)	<u>\$ 291,393</u>	<u>\$ 585,017</u>

The notes to the basic financial statements are an integral part of this statement.

VILLAGE OF SISTER BAY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,007,555	\$ 1,007,555	\$ 1,007,917	\$ 362
Intergovernmental	85,303	85,303	83,946	(1,357)
Licenses and permits	21,552	21,552	28,947	7,395
Fines, forfeits & penalties	850	850	565	(285)
Public charges for services	18,900	18,900	21,907	3,007
Miscellaneous	25,650	25,650	28,280	2,630
Total Revenues	1,159,810	1,159,810	1,171,562	11,752
Expenditures				
Current				
General government	493,434	493,434	445,720	47,714
Administration	242,933	237,211	264,857	(27,646)
Parks and streets	530,636	535,636	549,246	(13,610)
Total Expenditures	1,267,003	1,266,281	1,259,823	6,458
Excess of Revenues Over (Under) Expenditures	(107,193)	(106,471)	(88,261)	18,210
Other Financing Sources (Uses)				
Transfers in	161,905	161,905	161,905	-
Transfers out	(203,700)	(203,700)	(203,700)	-
Total Other Financing Sources (Uses)	(41,795)	(41,795)	(41,795)	-
Net Change in Fund Balance	(148,988)	(148,266)	(130,056)	18,210
Fund Balance - January 1	538,819	538,819	538,819	-
Fund Balance - December 31	\$ 389,831	\$ 390,553	\$ 408,763	\$ 18,210

The notes to the basic financial statements are an integral part of this statement.

VILLAGE OF SISTER BAY, WISCONSIN

Statement of Net Position

Proprietary Fund Type - Enterprise Funds

December 31, 2013

(With Summarized Financial Information as of December 31, 2012)

	Utility	Marina	Totals	
			2013	2012
ASSETS				
Cash and investments	\$ 841,284	\$ 269,481	\$ 1,110,765	\$ 1,220,000
Receivables				
Accounts	242,142	-	242,142	222,227
Special assessments	203,690	-	203,690	218,157
Due from other funds	16,222	-	16,222	17,856
Due from other governments	20,413	-	20,413	22,537
Inventory	32,234	841	33,075	31,500
Prepaid items	-	670	670	2,185
Restricted cash and investments	2,255,855	-	2,255,855	2,208,511
Capital assets				
Land	93,720	1,572,756	1,666,476	1,741,021
Land improvements	-	3,643,865	3,643,865	3,643,865
Buildings	5,275,537	384,929	5,660,466	5,660,466
Machinery and equipment	1,718,295	34,480	1,752,775	1,737,221
Infrastructure	7,897,292	-	7,897,292	7,886,532
Construction work in progress	454,434	-	454,434	52,572
Less accumulated depreciation	(8,529,810)	(1,459,532)	(9,989,342)	(9,357,299)
Net capital assets	6,909,468	4,176,498	11,085,966	11,364,378
TOTAL ASSETS	10,521,308	4,447,490	14,968,798	15,307,351
LIABILITIES				
Accounts payable	18,914	2,863	21,777	19,703
Accrued and other current liabilities	16,408	-	16,408	15,668
Deposits	100	18,000	18,100	46,607
Accrued interest	4,055	21,028	25,083	25,909
Long-term advance due to other funds	-	779,334	779,334	815,017
Long-term obligations				
Due within one year	138,600	26,250	164,850	225,650
Due in more than one year	967,487	1,828,750	2,796,237	2,960,085
TOTAL LIABILITIES	1,145,564	2,676,225	3,821,789	4,108,639
NET POSITION				
Net investment in capital assets	5,815,868	2,321,498	8,137,366	8,190,128
Restricted for plant replacement	1,747,858	-	1,747,858	2,033,001
Restricted for impact fee projects	257,314	-	257,314	175,510
Unrestricted	1,554,704	(550,233)	1,004,471	800,073
TOTAL NET POSITION	\$ 9,375,744	\$ 1,771,265	\$ 11,147,009	\$ 11,198,712

The notes to the basic financial statements are an integral part of this statement.

VILLAGE OF SISTER BAY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type - Enterprise Funds
For the Year Ended December 31, 2013
(With Summarized Financial Information for the Year Ended December 31, 2012)

	Utility	Marina	Totals	
			2013	2012
Operating Revenues				
Charges for services				
Residential	\$ 495,873	\$ -	\$ 495,873	\$ 476,276
Commercial	296,367	-	296,367	303,677
Public authorities	20,983	-	20,983	23,847
Public fire protection	94,501	-	94,501	93,451
Private fire protection	7,280	-	7,280	7,282
Unmetered sales	420	-	420	784
Sales for resale	9,244	-	9,244	10,317
Docking and launch charges	-	534,610	534,610	510,201
Marina services	-	389	389	465
Product and vending sales	-	3,189	3,189	7,999
Other operating revenues				
Forfeited discounts	2,468	-	2,468	2,325
Rental income	5,880	10,243	16,123	26,245
Services to other systems	70,498	-	70,498	70,078
Other sewage services	76,842	-	76,842	98,621
Marina fest	-	8,910	8,910	8,209
Other revenues	26,637	157	26,794	23,650
Total Operating Revenues	1,106,993	557,498	1,664,491	1,663,427
Operating Expenses				
Operation and maintenance	544,478	216,309	760,787	592,722
Administrative and general	245,462	46,955	292,417	284,977
Depreciation	429,538	214,205	643,743	653,842
Taxes	20,157	6,135	26,292	27,532
Total Operating Expenses	1,239,635	483,604	1,723,239	1,559,073
Operating Income (Loss)	(132,642)	73,894	(58,748)	104,354
Nonoperating Revenues (Expenses)				
Interest income	26,605	1,353	27,958	28,743
Connection fees	3,947	-	3,947	5,702
Impact fees	108,774	-	108,774	105,699
Interest on long-term debt	(53,689)	(98,133)	(151,822)	(160,328)
Miscellaneous nonoperating income (expense)	175,593	-	175,593	5,302
Total Nonoperating Revenues (Expenses)	261,230	(96,780)	164,450	(14,882)
Net Income (Loss) before Transfers and Contributions	128,588	(22,886)	105,702	89,472
Transfer out	-	(161,905)	(161,905)	(158,376)
Capital contributions	4,500	-	4,500	12,500
Change in Net Position	133,088	(184,791)	(51,703)	(56,404)
Net Position - January 1	9,242,656	1,956,056	11,198,712	11,255,116
Net Position - December 31	\$ 9,375,744	\$ 1,771,265	\$ 11,147,009	\$ 11,198,712

The notes to the basic financial statements are an integral part of this statement.

VILLAGE OF SISTER BAY, WISCONSIN

Statement of Cash Flows

Proprietary Fund Type - Enterprise Fund

For the Year Ended December 31, 2013

(With Summarized Financial Information for the Year Ended December 31, 2012)

	Utility	Marina	Totals	
			2013	2012
Cash Flows from Operating Activities				
Cash received from user charges	\$ 1,245,553	\$ 529,073	\$ 1,774,626	\$ 1,644,963
Cash received from other governments	23,104	-	23,104	19,887
Cash payments to suppliers	(567,293)	(195,924)	(763,217)	(593,382)
Cash payments to employees	(238,883)	(73,640)	(312,523)	(364,929)
Net Cash Provided by Operating Activities	462,481	259,509	721,990	706,539
Cash Flows from Noncapital Financing Activities				
Changes in assets and liabilities				
Transfer for property tax equivalent	-	(161,905)	(161,905)	(158,376)
Due to other funds	1,635	-	1,635	54,856
Net Cash Provided (Used) by Noncapital Financing Activities	1,635	(161,905)	(160,270)	(103,520)
Cash Flows from Capital and Related Financing Activities				
Acquisition of capital assets	(345,274)	(15,555)	(360,829)	(76,377)
Contributions from property owners	14,467	-	14,467	15,125
Impact fees received	108,774	-	108,774	105,699
Receipts (payments) on long-term advances	-	(35,683)	(35,683)	145,017
Principal payments of long-term debt	(136,900)	(88,750)	(225,650)	(188,950)
Interest payments on long-term debt	(54,146)	(98,502)	(152,648)	(194,859)
Net Cash Provided (Used) by Capital and Related Financing Activities	(413,079)	(238,490)	(651,569)	(194,345)
Cash Flows from Investing Activities				
Interest income	26,605	1,353	27,958	28,743
Net Change in Cash and Cash Equivalents	77,642	(139,533)	(61,891)	437,417
Cash and Cash Equivalents - January 1	3,019,497	409,014	3,428,511	2,991,094
Cash and Cash Equivalents - December 31	\$ 3,097,139	\$ 269,481	\$ 3,366,620	\$ 3,428,511
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position				
Cash and investments	\$ 841,284	\$ 269,481	\$ 1,110,765	\$ 1,220,000
Restricted cash and investments	2,255,855	-	2,255,855	2,208,511
Total Cash and Cash Equivalents	\$ 3,097,139	\$ 269,481	\$ 3,366,620	\$ 3,428,511
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (132,642)	\$ 73,894	\$ (58,748)	\$ 104,354
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	429,538	214,205	643,743	653,842
Miscellaneous income	179,540	-	179,540	11,004
Changes in assets and liabilities				
Accounts receivable	(20,097)	182	(19,915)	25,567
Due from other governments	2,121	-	2,121	(3,960)
Inventory	(1,532)	(43)	(1,575)	(9,601)
Prepaid expenses	110	1,405	1,515	2,487
Accounts payable	3,601	(1,527)	2,074	(44,953)
Accrued liabilities	740	-	740	(691)
Deposits	100	(28,607)	(28,507)	(31,188)
Compensated absences	1,002	-	1,002	(322)
Net Cash Provided by Operating Activities	\$ 462,481	\$ 259,509	\$ 721,990	\$ 706,539
Noncash Investing, Capital and Financing Activities				
Capital asset additions contributed by land owners	\$ 4,500	\$ -	\$ 4,500	\$ 12,500

The notes to the basic financial statements are an integral part of this statement.

VILLAGE OF SISTER BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village of Sister Bay, Wisconsin ("the Village") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

1. Reporting Entity

The Village of Sister Bay is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village (the primary government) and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement No. 61.

2. Joint Ventures

Sister Bay/Liberty Grove Joint Fire Department

The Village of Sister Bay and the Town of Liberty Grove formed a joint fire department in the 1930's to provide for services to its citizens. In accordance with an agreement, the costs of these services are shared by the Village and Town on a basis of 1/3 of the cost being paid by the Village and 2/3 of the cost being paid by the Town. These percentages are based on the approximate percentage of the assessed property value of the Village and the Town to the total assessed property of each entity combined. During 2013, the Village remitted \$101,785 to the joint fire department. The Village has an equity interest in the net position of the Sister Bay/Liberty Grove Joint Fire Department. At December 31, 2013 the Village's equity interest was \$587,039. Complete financial information for Sister Bay/Liberty Grove Fire Department can be obtained from the department office in Sister Bay.

Joint Public Library Facility

The Village of Sister Bay and the Town of Liberty Grove entered into an agreement on June 12, 2001 for the purpose of constructing and maintaining a building to be used as a joint public library facility. The construction costs and annual building operation and maintenance costs are to be financed 1/2 by the Village and 1/2 by the Town. The Sister Bay Liberty Grove Library Building Commission is governed by a six member board of commissioners composed of three members from Sister Bay and 3 members from Liberty Grove. During 2013, the Village remitted an operating appropriation of \$26,166 to the joint library facility. The Village accounts for its share of the operations in the general fund. The Village does not have an equity interest in the joint venture. Complete financial statements for the Sister Bay Liberty Grove Library Building Commission can be obtained from the Commission located in Sister Bay, Wisconsin.

The operation of the library is part of the Door County Consolidated Library System in accordance with an agreement with Door County.

3. Jointly Governed Organization

Door County Tourism Zone

The Village of Sister Bay is a participant with all other Door County municipalities in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the room tax collected to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During 2013, the Village of Sister Bay received \$129,547 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay.

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The Village has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

GENERAL FUND

This is the Village's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

CAPITAL PROJECTS FUND

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

TID Fund

The Tax Incremental District (TID) capital projects fund is used to account for financial resources used to acquire or construct capital assets in the Village's TID.

The Village reports the following major enterprise funds:

UTILITY FUND

This fund is used to account for the operations of the Village's water and wastewater utilities.

MARINA FUND

This fund is used to account for the operation of the marina operations.

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Measurement Focus and Basis of Accounting

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

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

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position of Fund Balance

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

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

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the financial statements.

The amount reported on the statement of net position for internal balances represents the residual balance outstanding between the governmental and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

VILLAGE OF SISTER BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Infrastructure assets prior to January 1, 2004 have not been capitalized.

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

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	20 - 50	10 - 85
Buildings	25 - 40	25 - 50
Machinery and equipment	3 - 10	3 - 10
Infrastructure	15 - 40	25 - 100

g. Compensated Absences

The Village has recorded liabilities for accrued employee vacations, sick leave and compensatory time. Under terms of employment, employees are granted vacations and sick leave in varying amounts. Employees are normally not allowed to accumulate unused vacation pay, but may be granted exceptions. Accrued sick leave is paid to employees with 20 years or more of service at 50% of their current pay rate when they leave employment.

h. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village currently does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent year for which it was levied.

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fund balance of government funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- Restricted fund balance - Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- Committed fund balance - Amounts that are constrained for specific purposes by action of the Village Board. These constraints can only be removed or changed by the Village Board using the same action that was used to create them.
- Assigned fund balance - Amounts that are constrained for specific purposes by action of Village management.
- Unassigned fund balance - Amounts that are available for any purpose. Unassigned amounts are only reported in the General Fund.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Net investment in capital assets - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Amount of net position that is subject to restrictions that are imposed 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.
- Unrestricted net position - Net position that is neither classified as restricted nor as net investment in capital assets.

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

8. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

9. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During November, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.
- e. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2013.

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)2. Deficit Fund Equity

Fund	Deficit Fund Equity
Debt Service	<u>\$ 12,661</u>

The Village anticipates funding the above deficit from future revenues and tax levies of the fund.

NOTE C - DETAILED NOTES ON ALL FUNDS1. Cash and Investments

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled \$6,619,487 on December 31, 2013 as summarized below:

Petty cash funds	\$ 207
Deposits with financial institutions	5,575,150
Investments:	
Repurchase agreements	1,044,130
	<u>\$ 6,619,487</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 4,363,632
Restricted cash and investments	2,255,855
	<u>\$ 6,619,487</u>

Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will 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 credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2013, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits.

On December 31, 2013, the Village held repurchase agreement investments of \$1,044,130 of which the underlying securities are held by a third party in the Village's name.

The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 maturity of the repurchase agreement investments are less than 12 months. The Village does not have a formal interest rate risk policy.

2. Property Taxes

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

The Village bills its own property taxes and also levies taxes for the Gibraltar School District, Door County, Northeast Wisconsin Technical College, and the State of Wisconsin. The Village contracts with the Door County Treasurer to collect taxes.

VILLAGE OF SISTER BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

3. Restricted Assets

Restricted assets on December 31, 2013 totaled \$2,255,855 and consisted of cash and investments held for the following purposes:

Enterprise Fund

Water Department		
Plant replacement	\$	167,059
Wastewater Department		
Plant replacement		907,178
Collection system replacement		101,331
Bay Shore Drive relay fund		572,289
Land sale proceeds		250,684
Impact fee collections		257,314
Total Restricted Assets	\$	<u>2,255,855</u>

4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,057,453	\$ -	\$ -	\$ 9,057,453
Construction in progress	403,793	187,417	-	591,210
Total capital assets, not being depreciated	<u>9,461,246</u>	<u>187,417</u>	<u>-</u>	<u>9,648,663</u>
Capital assets, being depreciated:				
Land improvements	2,039,745	-	-	2,039,745
Buildings	3,237,439	-	53,144	3,184,295
Machinery and equipment	361,806	23,150	26,660	358,296
Infrastructure	1,089,916	-	-	1,089,916
Subtotals	<u>6,728,906</u>	<u>23,150</u>	<u>79,804</u>	<u>6,672,252</u>
Less accumulated depreciation for:				
Land improvements	438,570	63,725	-	502,295
Buildings	845,297	69,706	41,103	873,900
Machinery and equipment	191,859	15,319	23,994	183,184
Infrastructure	354,444	49,776	-	404,220
Subtotals	<u>1,830,170</u>	<u>198,526</u>	<u>65,097</u>	<u>1,963,599</u>
Total capital assets, being depreciated, net	<u>4,898,736</u>	<u>(175,376)</u>	<u>14,707</u>	<u>4,708,653</u>
Governmental activities capital assets, net	<u>\$ 14,359,982</u>	<u>\$ 12,041</u>	<u>\$ 14,707</u>	<u>14,357,316</u>
Less related long-term debt outstanding				<u>12,011,400</u>
Net investment in capital assets				<u>\$ 2,345,916</u>

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,741,021	\$ -	\$ 74,545	\$ 1,666,476
Construction in progress	52,572	401,862	-	454,434
Total capital assets, not being depreciated	<u>1,793,593</u>	<u>401,862</u>	<u>74,545</u>	<u>2,120,910</u>
Capital assets, being depreciated:				
Land improvements	3,643,865	-	-	3,643,865
Buildings	5,660,466	-	-	5,660,466
Machinery and equipment	1,737,221	15,554	-	1,752,775
Infrastructure	7,886,532	22,460	11,700	7,897,292
Subtotals	<u>18,928,084</u>	<u>38,014</u>	<u>11,700</u>	<u>18,954,398</u>
Less accumulated depreciation for:				
Land improvements	1,180,410	196,207	-	1,376,617
Buildings	1,397,605	194,410	-	1,592,015
Machinery and equipment	1,196,425	103,695	11,700	1,288,420
Infrastructure	5,582,859	149,431	-	5,732,290
Subtotals	<u>9,357,299</u>	<u>643,743</u>	<u>11,700</u>	<u>9,989,342</u>
Total capital assets, being depreciated, net	<u>9,570,785</u>	<u>(605,729)</u>	<u>-</u>	<u>8,965,056</u>
Business-type activities capital assets, net	<u>\$ 11,364,378</u>	<u>\$ (203,867)</u>	<u>\$ 74,545</u>	11,085,966
Less related long-term debt outstanding				<u>2,948,600</u>
Net investment in capital assets				<u>\$ 8,137,366</u>
Depreciation expense was charged to functions of the Village as follows:				
Governmental activities				
General government				\$ 77,462
Parks and streets				121,064
Total depreciation expense - governmental activities				<u>\$ 198,526</u>
Business-type activities				
Marina				\$ 214,205
Water utility				100,947
Wastewater utility				328,591
Total depreciation expense - business-type activities				<u>\$ 643,743</u>

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)5. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2013 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds		
General Fund	\$ 18,094	\$ 16,222
Debt Service Fund	-	18,094
Utility Enterprise Fund	16,222	-
Long-term Advance		
TID Fund	779,334	-
Marina Enterprise Fund	-	779,334
Totals	\$ 813,650	\$ 813,650

In 2011, \$850,000 was advanced to the Marina enterprise fund from the TID fund. A balance of \$779,334 was outstanding on December 31, 2013. The advance is presently scheduled to be repaid over 20 years ending in 2031.

Interfund transfers for the year ended December 31, 2013 were as follows:

Transfer In	Transfer Out	Purpose	Amount
Governmental Funds			
General	Water utility	Payment in lieu of tax	\$ 161,905
Capital Projects	General	Capital outlay	198,700
Ice Rink	General	Operations	5,000
Debt Service	Capital projects	Retirement of debt	138,579
Total Governmental Funds			\$ 504,184
Government fund transfers in			\$ 504,184
Less: Fund eliminations			(342,279)
Total Transfers - Government-wide Statement of Activities			\$ 161,905

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)6. Long-term Obligations

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2013:

	Outstanding 1/1/13	Issued	Retired	Outstanding 12/31/13	Due Within One Year
Governmental activities:					
General Obligation Debt					
Refunding bonds	\$ 12,385,750	\$ -	\$ 374,350	\$ 12,011,400	\$ 460,150
Compensated absences	21,117	-	868	20,249	-
Governmental activities					
Long-term obligations	<u>\$ 12,406,867</u>	<u>\$ -</u>	<u>\$ 375,218</u>	<u>\$ 12,031,649</u>	<u>\$ 460,150</u>
Business-type activities:					
General Obligation Debt					
Refunding bonds	\$ 3,174,250	\$ -	\$ 225,650	\$ 2,948,600	\$ 164,850
Compensated absences	11,485	1,987	985	12,487	-
Business-type activities					
Long-term obligations	<u>\$ 3,185,735</u>	<u>\$ 1,987</u>	<u>\$ 226,635</u>	<u>\$ 2,961,087</u>	<u>\$ 164,850</u>

Total interest paid during the year on long-term debt totaled \$660,800.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Refunding Bonds

\$6,830,000 issued 4/15/05 for various village projects; \$500,000 to \$625,000 due annually through 2019; interest 4.0% to 4.75%	\$ 3,260,000
\$5,350,000 issued 4/26/11; \$75,000 to \$500,000 due annually through 2031; interest 2.375% to 5.0%	5,300,000
\$6,500,000 issued 5/24/11; \$100,000 to \$600,000 due annually through 2031; interest 2.0% to 5.0%	<u>6,400,000</u>

Total Outstanding General Obligation Debt

\$ 14,960,000

Annual principal and interest maturities of the outstanding general obligation debt of \$14,960,000 on December 31, 2013 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 460,150	\$ 494,339	\$ 164,850	\$ 127,273	\$ 625,000	\$ 621,612
2015	536,400	477,923	188,600	120,893	725,000	598,816
2016	599,700	458,369	210,300	113,447	810,000	571,816
2017	659,250	436,364	240,750	105,177	900,000	541,541
2018	718,800	410,131	256,200	94,189	975,000	504,320
2019-2023	2,727,100	1,680,417	697,900	335,294	3,425,000	2,015,711
2024-2028	3,642,500	1,046,612	682,500	201,638	4,325,000	1,248,250
2029-2031	2,667,500	202,767	507,500	38,544	3,175,000	241,311
	<u>\$ 12,011,400</u>	<u>\$ 5,206,922</u>	<u>\$ 2,948,600</u>	<u>\$ 1,136,455</u>	<u>\$ 14,960,000</u>	<u>\$ 6,343,377</u>

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2013 was \$5,141,010 as follows:

Equalized valuation of the Village	\$ 402,020,200
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	20,101,010
Outstanding general obligation debt applicable to debt limitation	14,960,000
Legal Margin for New Debt	\$ 5,141,010

7. Minimum Fund Balance Policy

The Village Board has adopted a policy that fund balance in the amount of 20% of the budgeted general fund expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2014 General Fund Expenditures	\$ 1,637,905
Minimum Fund Balance %	x 25%
Minimum Fund Balance Amount	\$ 409,476

The Village's unassigned general fund balance of \$243,823 is less than the minimum fund balance amount.

NOTE D - OTHER INFORMATION1. Retirement Commitments

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire, are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. 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.

VILLAGE OF SISTER BAY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for employees in the General category, including Teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates are as follows:

	2013	
	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.0%	7.0%
Protective with Social Security	6.65%	6.65%
Protective without Social Security	6.65%	12.35%

The payroll for Village employees covered by the WRS for the year ended December 31, 2013 was \$399,788; the employer's total payroll was \$704,058. The total required contribution for the year ended December 31, 2013 was \$53,172, which consisted of \$26,586 or 6.65% of covered payroll from the employer, and \$26,586, or 6.65% of covered payroll from employees. Total contributions for the years ended December 31, 2012 and 2011 were \$44,532 and \$42,098, respectively, equal to the required contributions for each year.

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

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

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

VILLAGE OF SISTER BAY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2013

NOTE D - OTHER INFORMATION (Continued)

2. Tax Incremental Districts

The Village currently maintains a separate capital project fund for a Tax Incremental District (TID) created in 2008 in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the District was created, the property tax base within the District was "frozen" and increment taxes resulting from increases to the property tax base will be used to finance District improvements, including principal and interest on general obligation debt issued by the Village to finance such improvements. All eligible project expenditures for TID No. 1 must be completed by 2023. TID No. 1 is accounted for as a capital projects fund since it is still eligible to incur project costs.

Since creation of the above District, the Village has provided various financing sources to the TID and has also recorded eligible TID project costs in other funds of the Village. The foregoing amounts are not recorded as liabilities in the TID capital project funds but can be recovered by the Village from any future excess tax increment revenues. Detail of the amounts recoverable by the Village as of December 31, 2013 from future excess tax increment revenues follows:

	TID No. 1
Net Unreimbursed Project Costs	<u>\$ 3,461,589</u>

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the District. The District has a maximum termination year of 2028, but may be closed earlier if all project costs are recovered.

3. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

4. Property Tax Levy Limit

Wisconsin state statutes provide for a limit on the property tax levies for all Wisconsin cities, villages, towns and counties. For the 2013 and 2014 budget years, Wisconsin statutes limit the increase in the maximum allowable tax levy to the percentage change in the Village's January 1 equalized value as a result of net new construction. The actual limit for the Village for the 2013 budget was 1.6%. The actual limit for the Village for the 2014 budget was .73%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

5. Contingencies

From time to time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

SUPPLEMENTARY INFORMATION

VILLAGE OF SISTER BAY, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013
(With Comparative Amounts as of December 31, 2012)

	Ice Rink	Skate Park	Total Governmental Funds	
			2013	2012
ASSETS				
Cash and investments	\$ 14,255	\$ 2,717	\$ 16,972	\$ 17,722
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 731	\$ -	\$ 731	\$ 56
Fund Balances				
Committed for				
Ice rink	13,524	-	13,524	15,020
Skate park	-	2,717	2,717	2,646
Total Fund Balances	13,524	2,717	16,241	17,666
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,255</u>	<u>\$ 2,717</u>	<u>\$ 16,972</u>	<u>\$ 17,722</u>

VILLAGE OF SISTER BAY, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2013

(With Comparative Amounts for the Year Ended December 31, 2012)

	Ice Rink	Skate Park	Total Governmental Funds	
			2013	2012
Revenues				
Public charges for services	\$ 16,049	\$ 70	\$ 16,119	\$ 11,811
Miscellaneous	1,566	1	1,567	761
Total Revenues	17,615	71	17,686	12,572
Expenditures				
Current				
Parks and streets	24,111	-	24,111	9,505
Excess of Revenues Over (Under)				
Expenditures	(6,496)	71	(6,425)	3,067
Other Financing Sources				
Transfers in	5,000	-	5,000	5,000
Net Change in Fund Balances	(1,496)	71	(1,425)	8,067
Fund Balances - January 1	15,020	2,646	17,666	9,599
Fund Balances - December 31	\$ 13,524	\$ 2,717	\$ 16,241	\$ 17,666

VILLAGE OF SISTER BAY, WISCONSIN

General Fund

Detailed Comparison of Budgeted and Actual Revenues

For the Year Ended December 31, 2013

(With Comparative Amounts for the Year Ended December 31, 2012)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2012
	Original	Final			
Taxes					
General property	\$ 1,007,380	\$ 1,007,380	\$ 1,007,405	\$ 25	\$ 1,076,000
Managed forestland taxes	25	25	27	2	30
Interest and penalties on taxes	150	150	485	335	350
Total Taxes	1,007,555	1,007,555	1,007,917	362	1,076,380
Intergovernmental					
State					
Fire insurance	13,000	13,000	13,194	194	12,824
Transportation	58,263	58,263	58,263	-	64,737
Shared taxes	9,036	9,036	9,036	-	9,036
Exempt computer aid	-	-	-	-	696
Forest cropland	4	4	4	-	-
County recycling rebates	5,000	5,000	3,449	(1,551)	5,418
Total Intergovernmental	85,303	85,303	83,946	(1,357)	92,711
Licenses and Permits					
Liquor	8,000	8,000	8,433	433	8,333
Operators	600	600	800	200	740
Soda	100	100	120	20	115
Cigarette	40	40	50	10	40
Dog	12	12	13	1	12
Zoning	1,800	1,800	1,125	(675)	4,225
Building permits	10,000	10,000	16,296	6,296	14,268
Other permits	1,000	1,000	2,110	1,110	1,970
Total Licenses and Permits	21,552	21,552	28,947	7,395	29,703
Fines, Forfeits & Penalties					
Court fines and citations	250	250	-	(250)	175
Parking tickets	600	600	565	(35)	1,000
Total Fines, Forfeits & Penalties	850	850	565	(285)	1,175
Public Charges for Services					
Publication fees	400	400	440	40	460
Subdivision plat fees	-	-	-	-	100
Plan commission fees	300	300	900	600	600
Snow plowing and sanding fees	1,200	1,200	1,314	114	1,433
Services to other governments	10,000	10,000	11,638	1,638	9,132
Festivals and event fees	500	500	531	31	592
Miscellaneous fees	6,500	6,500	7,084	584	9,297
Total Public Charges for Services	18,900	18,900	21,907	3,007	21,614
Miscellaneous					
Rental income	23,200	23,200	25,329	2,129	24,702
Interest on investments	2,000	2,000	1,695	(305)	1,719
Donations	-	-	125	125	-
Miscellaneous	450	450	1,131	681	13,535
Total Miscellaneous	25,650	25,650	28,280	2,630	39,956
Total Revenues	\$ 1,159,810	\$ 1,159,810	\$ 1,171,562	\$ 11,752	\$ 1,261,539

VILLAGE OF SISTER BAY, WISCONSIN

General Fund

Detailed Comparison of Budgeted and Actual Expenditures

For the Year Ended December 31, 2013

(With Comparative Amounts for the Year Ended December 31, 2012)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2012
	Original	Final			
General Government					
Direct employee costs	\$ 39,184	\$ 39,184	\$ 36,537	\$ 2,647	\$ 36,156
Indirect employee costs	2,500	2,500	1,848	652	1,631
Utility costs	95,550	95,550	95,841	(291)	87,462
Supplies	10,124	10,124	2,347	7,777	4,809
Other services	98,400	98,400	89,644	8,756	113,638
Maintenance	39,525	39,525	21,569	17,956	28,663
Fire services support	101,785	101,785	101,785	-	100,199
Sister Bay advance support	50,000	50,000	50,000	-	50,000
Library support	26,166	26,166	26,166	-	25,752
Other support	18,300	18,300	13,203	5,097	16,424
Miscellaneous/Contingency	11,900	11,900	6,780	5,120	4,388
Total General Government	493,434	493,434	445,720	47,714	469,122
Administration					
Direct employee costs	201,183	171,061	197,512	(26,451)	187,017
Indirect employee costs	4,450	4,450	10,030	(5,580)	4,137
Utility costs	5,000	5,000	5,063	(63)	4,850
Supplies	16,900	16,900	13,765	3,135	17,490
Other services	14,900	39,300	38,087	1,213	13,193
Maintenance	500	500	400	100	361
Total Administration	242,933	237,211	264,857	(27,646)	227,048
Parks and Streets					
Direct employee costs	204,458	204,458	222,321	(17,863)	192,563
Indirect employee costs	1,625	1,625	1,008	617	883
Utility costs	59,500	59,500	60,945	(1,445)	54,946
Supplies	6,925	6,925	7,504	(579)	6,804
Recreational programs	-	-	-	-	9,432
Other services	147,965	147,965	152,881	(4,916)	123,265
Maintenance	61,463	66,463	57,667	8,796	49,591
Vehicles	26,200	26,200	24,420	1,780	19,702
Other	22,500	22,500	22,500	-	-
Total Parks and Streets	530,636	535,636	549,246	(13,610)	457,186
Total Expenditures	\$ 1,267,003	\$ 1,266,281	\$ 1,259,823	\$ 6,458	\$ 1,153,356

VILLAGE OF SISTER BAY, WISCONSIN

Debt Service Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2013

(With Comparative Amounts for the Year Ended December 31, 2012)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2012
	Original	Final			
Revenues					
Taxes					
General property	\$ 770,000	\$ 770,000	\$ 770,000	\$ -	\$ 849,000
Room taxes	134,000	134,000	129,547	(4,453)	125,986
Total Taxes	<u>904,000</u>	<u>904,000</u>	<u>899,547</u>	<u>(4,453)</u>	<u>974,986</u>
Total Revenues	<u>904,000</u>	<u>904,000</u>	<u>899,547</u>	<u>(4,453)</u>	<u>974,986</u>
Expenditures					
Debt Service					
Principal	374,350	374,350	374,350	-	296,050
Interest and fiscal charges	508,152	508,152	508,152	-	673,274
Total Expenditures	<u>882,502</u>	<u>882,502</u>	<u>882,502</u>	<u>-</u>	<u>969,324</u>
Excess of Revenues Over (Under) Expenditures	<u>21,498</u>	<u>21,498</u>	<u>17,045</u>	<u>(4,453)</u>	<u>5,662</u>
Other Financing Sources (Uses) Transfers in	<u>138,579</u>	<u>138,579</u>	<u>138,579</u>	<u>-</u>	<u>160,000</u>
Net Change in Fund Balance	<u>160,077</u>	<u>160,077</u>	<u>155,624</u>	<u>(4,453)</u>	<u>165,662</u>
Fund Balance (Deficit) - January 1	<u>-</u>	<u>-</u>	<u>(168,285)</u>	<u>(168,285)</u>	<u>(333,947)</u>
Fund Balance (Deficit) - December 31	<u>\$ 160,077</u>	<u>\$ 160,077</u>	<u>\$ (12,661)</u>	<u>\$ (172,738)</u>	<u>\$ (168,285)</u>

VILLAGE OF SISTER BAY, WISCONSIN
 Schedule of Water Department Operating Revenues and Expenses
 For the Year Ended December 31, 2013
 (With Comparative Amounts for the Year Ended December 31, 2012)

	2013	2012
Operating Revenues		
Sales of water		
Residential sales	\$ 142,752	\$ 140,965
Commercial sales	82,536	85,189
Public authorities	9,384	11,267
Public fire protection	94,501	93,451
Private fire protection	7,280	7,282
Unmetered sales	301	553
Sales for resale	9,244	10,317
Total Sales of Water	<u>345,998</u>	<u>349,024</u>
Other operating		
Forfeited discounts	829	801
Rent	4,800	4,800
Services to other systems	6,536	6,560
Other water revenues	20,005	15,627
Total Other Operating	<u>32,170</u>	<u>27,788</u>
Total Operating Revenues	<u>378,168</u>	<u>376,812</u>
Operating Expenses		
Operation and maintenance		
Supervision and labor	71,440	74,841
Power purchased for pumping	22,231	20,169
Chemicals	2,781	1,287
Operating supplies and expenses	3,024	1,740
Repairs of water plant	93,641	7,536
Transportation expense	4,263	3,666
Total Operation and Maintenance	<u>197,380</u>	<u>109,239</u>
General and administrative		
Administrative and general salaries	17,924	21,208
Office supplies and expenses	7,985	8,878
Outside services employed	26,835	12,082
Insurance expense	3,962	5,708
Employee pensions and benefits	33,255	35,136
Miscellaneous general expenses	3,455	4,295
Total General and Administrative	<u>93,416</u>	<u>87,307</u>
Depreciation	100,947	100,380
Taxes	7,176	7,610
Total Operating Expenses	<u>398,919</u>	<u>304,536</u>
Operating Income (Loss)	<u>\$ (20,751)</u>	<u>\$ 72,276</u>

VILLAGE OF SISTER BAY, WISCONSIN
Schedule of Wastewater Treatment Plant Operating Revenues and Expenses
For the Year Ended December 31, 2013
(With Comparative Amounts for the Year Ended December 31, 2012)

	2013	2012
Operating Revenues		
Sewage service		
Residential	\$ 227,438	\$ 215,290
Commercial	114,141	152,870
Service to public authorities	7,576	8,379
Total Sewage Service	<u>349,155</u>	<u>376,539</u>
Other operating		
Forfeited discounts	1,136	1,047
Rent	1,080	1,445
Services to other systems	63,962	63,518
Other sewage service	76,750	98,621
Miscellaneous	161	272
Total Other Operating	<u>143,089</u>	<u>164,903</u>
Total Operating Revenues	<u>492,244</u>	<u>541,442</u>
Operating Expenses		
Operation and maintenance		
Supervision and labor	109,239	106,719
Power purchased for pumping	60,421	56,356
Chemicals	16,084	11,835
Operating supplies and expenses	9,374	8,562
Maintenance of treatment and disposal equipment	40,439	48,847
Maintenance of general plant structures and equipment	12,539	1,867
Transportation expense	6,230	4,982
Sludge expense	26,037	22,898
Total Operation and Maintenance	<u>280,363</u>	<u>262,066</u>
General and administrative		
Administrative and general salaries	21,865	22,107
Office supplies and expenses	10,628	10,517
Outside services employed	20,560	14,580
Insurance expense	9,816	7,082
Employee pensions and benefits	47,255	41,740
Miscellaneous general expenses	4,968	5,132
Total General and Administrative	<u>115,092</u>	<u>101,158</u>
Depreciation	261,846	261,421
Taxes - FICA	9,869	9,681
Total Operating Expenses	<u>667,170</u>	<u>634,326</u>
Operating Loss	<u>\$ (174,926)</u>	<u>\$ (92,884)</u>

VILLAGE OF SISTER BAY, WISCONSIN

Schedule of Wastewater Collection System Operating Revenues and Expenses

For the Year Ended December 31, 2013

(With Comparative Amounts for the Year Ended December 31, 2012)

	2013	2012
Operating Revenues		
Sewage service		
Residential	\$ 125,683	\$ 120,021
Commercial	99,690	65,618
Service to public authorities	4,023	4,201
Total Sewage Service	<u>229,396</u>	<u>189,840</u>
Other operating		
Forfeited discounts	503	477
Other sewage service	92	-
Miscellaneous	6,590	5,042
Total Other Operating	<u>7,185</u>	<u>5,519</u>
 Total Operating Revenues	 <u>236,581</u>	 <u>195,359</u>
Operating Expenses		
Operation and maintenance		
Supervision and labor	27,340	24,089
Power purchased for pumping	3,941	3,508
Chemicals	3,559	5,230
Operating supplies and expenses	3,290	2,527
Maintenance of collection system	25,057	11,754
Transportation expense	1,925	1,670
Total Operation and Maintenance	<u>65,112</u>	<u>48,778</u>
General and administrative		
Administrative and general salaries	9,568	13,294
Office supplies and expenses	1,833	2,084
Outside services employed	7,357	5,471
Insurance expense	3,347	1,771
Employee pensions and benefits	15,778	13,386
Miscellaneous general expenses	694	514
Total General and Administrative	<u>38,577</u>	<u>36,520</u>
Depreciation	66,745	66,464
Taxes - FICA	3,112	3,044
 Total Operating Expenses	 <u>173,546</u>	 <u>154,806</u>
 Operating Loss	 <u>\$ 63,035</u>	 <u>\$ 40,553</u>

VILLAGE OF SISTER BAY, WISCONSIN
 Schedule of Marina Operating Revenues and Expenses
 For the Year Ended December 31, 2013
 (With Comparative Amounts for the Year Ended December 31, 2012)

	2013	2012
Operating Revenues		
Marina service		
Docking and launch charges	\$ 534,610	\$ 510,201
Marina services	389	465
Product and vending sales	3,189	7,999
Total Marina Service	<u>538,188</u>	<u>518,665</u>
Other operating		
Building rent	10,243	20,000
Marina fest	8,910	8,209
Other	157	2,940
Total Other Operating	<u>19,310</u>	<u>31,149</u>
 Total Operating Revenues	 <u>557,498</u>	 <u>549,814</u>
Operating Expenses		
Operation and maintenance		
Supervision and labor	58,530	61,005
Operating supplies and expenses	40,996	40,826
Maintenance	97,963	48,644
Festival costs	18,820	20,301
Total Operation and Maintenance	<u>216,309</u>	<u>170,776</u>
General and administrative		
Administrative and general salaries	8,975	13,011
Office supplies and expenses	5,074	8,710
Outside services employed	5,181	7,677
Insurance expense	7,483	7,690
Employee pensions and benefits	12,589	17,120
Miscellaneous general expenses	7,653	7,647
Total General and Administrative	<u>46,955</u>	<u>61,855</u>
Depreciation	214,205	225,577
Taxes - FICA	<u>6,135</u>	<u>7,197</u>
 Total Operating Expenses	 <u>483,604</u>	 <u>465,405</u>
 Operating Income	 <u>\$ 73,894</u>	 <u>\$ 84,409</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Village Board
Village of Sister Bay, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sister Bay, Wisconsin, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village of Sister Bay's basic financial statements, and have issued our report thereon dated April 8, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Village of Sister Bay, Wisconsin's Response to Findings

Village of Sister Bay, Wisconsin's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village of Sister Bay, Wisconsin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Certified Public Accountants
Green Bay, Wisconsin
April 8, 2014

VILLAGE OF SISTER BAY, WISCONSIN
 Schedule of Findings and Responses
 For the Year Ended December 31, 2013

Section I - Internal Control Over Financial Reporting

Finding No.	Control Deficiencies
2013-001	Preparation of Annual Financial Report
Condition:	Current Village staff maintain accounting records which reflect the Village's financial transactions; however, preparing the Village's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The Village contracts with us and our knowledge of applicable accounting principles, financial statement formats, and note disclosures to assist in the preparation of the annual financial report in an efficient manner.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes.
Cause:	Village management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without our involvement, the Village may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the Village continue reviewing the annual financial report. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the Village is necessary to obtain a complete and adequate understanding of the Village's annual financial report.
Management Response:	Management believes the cost for additional staff time and training to prepare year end closing entries and reports outweigh the benefits to be received, but agrees with the recommendation regarding review of the entries and reports. Currently, the Finance Director reviews the entries and approves the reports.

Section II - Compliance and Other Matters

There are no findings related to compliance and other matters that are required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2013.