

**VILLAGE OF SISTER BAY, WISCONSIN**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2014**

**VILLAGE OF SISTER BAY, WISCONSIN**  
December 31, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 auditors consider 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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 opinions on the basic financial statements are 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 are not a required part of the financial statements.

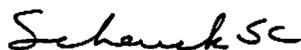
The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 2013 financial statements, and our report dated April 8, 2014, 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, 2013, 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 March 31, 2015, 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  
March 31, 2015

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF SISTER BAY, WISCONSIN**

Statement of Net Position

December 31, 2014

(With Summarized Financial Information as of December 31, 2013)

	Governmental Activities	Business-type Activities	Totals	
			2014	2013
<b>ASSETS</b>				
Cash and investments	\$ 4,214,539	\$ 854,629	\$ 5,069,168	\$ 4,363,632
Receivables				
Taxes	3,557,651	-	3,557,651	4,243,023
Accounts	24,596	271,522	296,118	268,602
Special assessments	-	203,690	203,690	203,690
Internal balances	740,658	(740,658)	-	-
Due from other governments	-	22,419	22,419	25,514
Inventories and prepaid items	22,993	37,042	60,035	50,453
Investment in joint venture	587,039	-	587,039	587,039
Restricted assets				
Cash and investments	-	1,793,617	1,793,617	2,255,855
Capital assets, nondepreciable				
Land	9,087,453	1,666,476	10,753,929	10,723,929
Construction in progress	952,448	1,505,070	2,457,518	1,045,644
Capital assets, depreciable				
Land improvements	2,043,284	3,643,865	5,687,149	5,683,610
Buildings	3,717,362	5,660,466	9,377,828	8,844,761
Machinery and equipment	368,886	1,752,775	2,121,661	2,111,071
Infrastructure	1,227,739	8,127,227	9,354,966	8,987,208
Less: Accumulated depreciation	(2,142,459)	(10,598,467)	(12,740,926)	(11,952,941)
<b>TOTAL ASSETS</b>	<b>24,402,189</b>	<b>14,199,673</b>	<b>38,601,862</b>	<b>37,441,090</b>
<b>LIABILITIES</b>				
Accounts payable	112,177	22,020	134,197	105,196
Accrued and other current liabilities	17,217	18,925	36,142	39,348
Deposits	2,780	18,100	20,880	52,621
Accrued interest payable	106,184	24,405	130,589	133,128
Due to other governments	3,024,439	-	3,024,439	3,286,197
Long-term obligations				
Due within one year	572,829	188,600	761,429	625,000
Due in more than one year	11,416,467	2,601,791	14,018,258	14,367,736
<b>TOTAL LIABILITIES</b>	<b>15,252,093</b>	<b>2,873,841</b>	<b>18,125,934</b>	<b>18,609,226</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes	2,171,588	-	2,171,588	1,992,555
<b>NET POSITION</b>				
Net investment in capital assets	3,703,463	8,973,662	12,677,125	10,483,282
Restricted for				
Debt service	13,545	-	13,545	-
Restricted for plant replacement	-	1,270,141	1,270,141	1,747,858
Restricted for impact fee projects	-	271,865	271,865	257,314
Unrestricted	3,261,500	810,164	4,071,664	4,350,855
<b>TOTAL NET POSITION</b>	<b>\$ 6,978,508</b>	<b>\$ 11,325,832</b>	<b>\$ 18,304,340</b>	<b>\$ 16,839,309</b>

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, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 598,899	\$ 82,219	\$ 14,717	\$ -
Administration	284,937	-	-	-
Parks and streets	727,638	4,405	72,856	-
Interest on debt	492,476	-	-	-
<b>Total Governmental Activities</b>	<b>2,103,950</b>	<b>86,624</b>	<b>87,573</b>	<b>-</b>
<b>Business-type Activities:</b>				
Water utility	519,385	385,231	-	251,025
Wastewater utility	706,022	757,859	-	62,948
Marina	479,931	533,865	-	-
<b>Total Business-type Activities</b>	<b>1,705,338</b>	<b>1,676,955</b>	<b>-</b>	<b>313,973</b>
<b>Total</b>	<b>\$ 3,809,288</b>	<b>\$ 1,763,579</b>	<b>\$ 87,573</b>	<b>\$ 313,973</b>

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 assets

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	
		2014	2013
\$ (501,963)	\$ -	\$ (501,963)	\$ (529,173)
(284,937)	-	(284,937)	(283,747)
(650,377)	-	(650,377)	(682,599)
(492,476)	-	(492,476)	(506,902)
<u>(1,929,753)</u>	<u>-</u>	<u>(1,929,753)</u>	<u>(2,002,421)</u>
-	116,871	116,871	(159,951)
-	114,785	114,785	90,841
-	53,934	53,934	(24,396)
-	<u>285,590</u>	<u>285,590</u>	<u>(93,506)</u>
<u>(1,929,753)</u>	<u>285,590</u>	<u>(1,644,163)</u>	<u>(2,095,927)</u>
1,183,483	-	1,183,483	1,187,405
808,859	-	808,859	770,000
136,598	-	136,598	129,547
11,006	-	11,006	9,552
20,920	20,908	41,828	55,543
505,614	9,230	514,844	7,465
412,576	-	412,576	176,105
136,905	(136,905)	-	-
<u>3,215,961</u>	<u>(106,767)</u>	<u>3,109,194</u>	<u>2,335,617</u>
1,286,208	178,823	1,465,031	239,690
<u>5,692,300</u>	<u>11,147,009</u>	<u>16,839,309</u>	<u>16,599,619</u>
<u>\$ 6,978,508</u>	<u>\$ 11,325,832</u>	<u>\$ 18,304,340</u>	<u>\$ 16,839,309</u>

**VILLAGE OF SISTER BAY, WISCONSIN**

Balance Sheet

Governmental Funds

December 31, 2014

(With Summarized Financial Information as of December 31, 2013)

	General	Debt Service	Capital Projects	Tax Incremental District
<b>ASSETS</b>				
Cash and investments	\$ 2,462,943	\$ 6,410	\$ 1,403,197	\$ 326,394
Receivables				
Taxes	2,574,857	935,774	-	47,020
Accounts	17,461	7,135	-	-
Due from other funds	-	-	-	-
Advance to other funds	-	-	-	742,938
Due from other governments	-	-	-	-
Inventories and prepaid items	22,993	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 5,078,254</b>	<b>\$ 949,319</b>	<b>\$ 1,403,197</b>	<b>\$ 1,116,352</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 94,293	\$ -	\$ 225	\$ 14,686
Accrued and other current liabilities	19,997	-	-	-
Due to other funds	2,280	-	-	-
Due to other governments	3,024,439	-	-	-
<b>Total Liabilities</b>	<b>3,141,009</b>	<b>-</b>	<b>225</b>	<b>14,686</b>
<b>Deferred Inflows of Resources</b>				
Taxes	1,188,794	935,774	-	47,020
<b>Fund Balances</b>				
<b>Nonspendable</b>				
Long-term advance to other funds	-	-	-	742,938
Inventories and prepaid items	22,993	-	-	-
Restricted for debt service	-	13,545	-	-
Restricted for tax incremental district (TID)	-	-	-	311,708
<b>Committed for</b>				
Future development	435,750	-	-	-
Capital improvements	-	-	1,402,972	-
Ice rink	-	-	-	-
Skate park	-	-	-	-
<b>Assigned for</b>				
Subsequent years' budget	46,522	-	-	-
<b>Unassigned, reported in</b>				
General fund	243,186	-	-	-
Debt service fund	-	-	-	-
<b>Total Fund Balances</b>	<b>748,451</b>	<b>13,545</b>	<b>1,402,972</b>	<b>1,054,646</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 5,078,254</b>	<b>\$ 949,319</b>	<b>\$ 1,403,197</b>	<b>\$ 1,116,352</b>

(Continued)

Other Governmental	Totals	
	2014	2013

\$ 15,595	\$ 4,214,539	\$ 3,252,867
-	3,557,651	4,243,023
-	24,596	26,460
-	-	18,094
-	742,938	779,334
-	-	5,101
-	22,993	16,708
<hr/>		
<u>\$ 15,595</u>	<u>\$ 8,562,717</u>	<u>\$ 8,341,587</u>

\$ 2,973	\$ 112,177	\$ 83,419
-	19,997	57,461
-	2,280	34,316
-	3,024,439	3,286,197
<u>2,973</u>	<u>3,158,893</u>	<u>3,461,393</u>

-	2,171,588	1,992,555
<hr/>		

-	742,938	779,334
-	22,993	16,708
-	13,545	-
-	311,708	377,476
-	435,750	-
-	1,402,972	1,318,486
9,818	9,818	13,524
2,804	2,804	2,717
-	46,522	148,714
-	243,186	243,341
-	-	(12,661)
<u>12,622</u>	<u>3,232,236</u>	<u>2,887,639</u>

<u>\$ 15,595</u>	<u>\$ 8,562,717</u>	<u>\$ 8,341,587</u>
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**VILLAGE OF SISTER BAY, WISCONSIN**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**December 31, 2014**  
(With Summarized Financial Information as of December 31, 2013)

Total Governmental Funds	
2014	2013

**Reconciliation to the Statement of Net Position**

Total Fund Balances as shown above	\$ 3,232,236	\$ 2,887,639
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.	15,254,713	14,357,316
Investment in joint venture related to governmental activities	587,039	587,039
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	(11,951,250)	(12,011,400)
Compensated absences	(38,046)	(20,249)
Accrued interest on long-term obligations	(106,184)	(108,045)
	(12,035,480)	(12,146,904)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 3)	<b>\$ 6,978,508</b>	<b>\$ 5,692,300</b>

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, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	General	Debt Service	Capital Projects	Tax Incremental District
<b>Revenues</b>				
Taxes	\$ 1,179,968	\$ 945,457	\$ -	\$ 3,654
Intergovernmental	82,708	-	15,077	655
Licenses and permits	21,912	-	-	-
Fines, forfeits and penalties	490	-	-	-
Public charges for services	25,449	-	-	-
Miscellaneous	482,660	-	3,614	480,587
<b>Total Revenues</b>	<u>1,793,187</u>	<u>945,457</u>	<u>18,691</u>	<u>484,896</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	518,811	-	-	-
Administration	196,180	-	-	-
Parks and streets	548,713	-	-	-
Conservation and development	-	-	-	-
<b>Debt service</b>				
Principal	-	460,150	-	-
Interest and fiscal charges	-	494,337	-	-
Capital outlay	-	-	220,669	987,060
<b>Total Expenditures</b>	<u>1,263,704</u>	<u>954,487</u>	<u>220,669</u>	<u>987,060</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>529,483</u>	<u>(9,030)</u>	<u>(201,978)</u>	<u>(502,164)</u>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	-	-	-	400,000
Transfers in	161,905	35,236	346,700	-
Transfers out	(351,700)	-	(60,236)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(189,795)</u>	<u>35,236</u>	<u>286,464</u>	<u>400,000</u>
<b>Net Change in Fund Balances</b>	339,688	26,206	84,486	(102,164)
<b>Fund Balances (Deficit) - January 1</b>	<u>408,763</u>	<u>(12,661)</u>	<u>1,318,486</u>	<u>1,156,810</u>
<b>Fund Balances - December 31</b>	<u>\$ 748,451</u>	<u>\$ 13,545</u>	<u>\$ 1,402,972</u>	<u>\$ 1,054,646</u>

(Continued)

Other Governmental	Totals	
	2014	2013
\$ -	\$ 2,129,079	\$ 2,087,464
-	98,440	83,946
-	21,912	28,947
-	490	565
13,712	39,161	38,026
1,855	968,716	60,734
<u>15,567</u>	<u>3,257,798</u>	<u>2,299,682</u>
-	518,811	445,720
-	196,180	264,857
24,186	572,899	573,357
-	-	19,032
-	460,150	374,350
-	494,337	508,152
-	1,207,729	270,353
<u>24,186</u>	<u>3,450,106</u>	<u>2,455,821</u>
<u>(8,619)</u>	<u>(192,308)</u>	<u>(156,139)</u>
-	400,000	-
5,000	548,841	504,184
-	(411,936)	(342,279)
<u>5,000</u>	<u>536,905</u>	<u>161,905</u>
(3,619)	344,597	5,766
<u>16,241</u>	<u>2,887,639</u>	<u>2,881,873</u>
<u>\$ 12,622</u>	<u>\$ 3,232,236</u>	<u>\$ 2,887,639</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended December 31, 2014**  
**(With Summarized Financial Information for the Year Ended December 31, 2013)**

Reconciliation to the Statement of Activities

	2014	2013
Net Change in Fund Balances as shown on previous page	\$ 344,597	\$ 5,766
 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	\$ 1,107,271	
Depreciation expense reported in the statement of activities	<u>(205,328)</u>	
Amount by which capital outlays are greater than depreciation in current period	901,943	12,041
 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. The book value of capital assets disposed of during the year:		
	(4,546)	(14,707)
 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 (increased) by:		
	(17,797)	868
 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)
 The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:		
	(400,000)	-
 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:	460,150	374,350
 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.		
	<u>1,861</u>	<u>1,250</u>
 Change in Net Position of Governmental Activities as Reported in the Statement of Activities (see pages 4 - 5)	 <u>\$ 1,286,208</u>	 <u>\$ 291,393</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 1,183,713	\$ 1,183,713	\$ 1,179,968	\$ (3,745)
Intergovernmental	79,680	79,680	82,708	3,028
Licenses and permits	19,072	19,072	21,912	2,840
Fines, forfeits and penalties	750	750	490	(260)
Public charges for services	17,120	17,120	25,449	8,329
Miscellaneous	26,950	26,950	482,660	455,710
<b>Total Revenues</b>	<b>1,327,285</b>	<b>1,327,285</b>	<b>1,793,187</b>	<b>465,902</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	490,121	490,121	518,811	(28,690)
Administration	260,949	209,621	196,180	13,441
Parks and streets	535,135	535,135	548,713	(13,578)
<b>Total Expenditures</b>	<b>1,286,205</b>	<b>1,234,877</b>	<b>1,263,704</b>	<b>(28,827)</b>
<b>Excess of Revenues Over Expenditures</b>	<b>41,080</b>	<b>92,408</b>	<b>529,483</b>	<b>437,075</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	161,905	161,905	161,905	-
Transfers out	(351,700)	(351,700)	(351,700)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(189,795)</b>	<b>(189,795)</b>	<b>(189,795)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(148,715)</b>	<b>(97,387)</b>	<b>339,688</b>	<b>437,075</b>
<b>Fund Balance - January 1</b>	<b>408,763</b>	<b>408,763</b>	<b>408,763</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 260,048</b>	<b>\$ 311,376</b>	<b>\$ 748,451</b>	<b>\$ 437,075</b>

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, 2014

(With Summarized Financial Information as of December 31, 2013)

	Utility	Marina	Totals	
			2014	2013
<b>ASSETS</b>				
Cash and investments	\$ 558,536	\$ 296,093	\$ 854,629	\$ 1,110,765
Receivables				
Accounts	268,245	3,277	271,522	242,142
Special assessments	203,690	-	203,690	203,690
Due from other funds	2,280	-	2,280	16,222
Due from other governments	22,419	-	22,419	20,413
Inventory	34,047	1,375	35,422	33,075
Prepaid items	-	1,620	1,620	670
Restricted cash and investments	1,793,617	-	1,793,617	2,255,855
Capital assets				
Land	93,720	1,572,756	1,666,476	1,666,476
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	1,752,775
Infrastructure	8,127,227	-	8,127,227	7,897,292
Construction work in progress	1,472,631	32,439	1,505,070	454,434
Less accumulated depreciation	(8,936,624)	(1,661,843)	(10,598,467)	(9,989,342)
Net capital assets	7,750,786	4,006,626	11,757,412	11,085,966
<b>TOTAL ASSETS</b>	<b>10,633,620</b>	<b>4,308,991</b>	<b>14,942,611</b>	<b>14,968,798</b>
<b>LIABILITIES</b>				
Accounts payable	12,981	9,039	22,020	21,777
Accrued and other current liabilities	18,925	-	18,925	16,408
Deposits	100	18,000	18,100	18,100
Accrued interest	3,594	20,811	24,405	25,083
Long-term advance due to other funds	-	742,938	742,938	779,334
Long-term obligations				
Due within one year	153,600	35,000	188,600	164,850
Due in more than one year	808,041	1,793,750	2,601,791	2,796,237
<b>TOTAL LIABILITIES</b>	<b>997,241</b>	<b>2,619,538</b>	<b>3,616,779</b>	<b>3,821,789</b>
<b>NET POSITION</b>				
Net investment in capital assets	6,795,786	2,177,876	8,973,662	8,137,366
Restricted for plant replacement	1,270,141	-	1,270,141	1,747,858
Restricted for impact fee projects	271,865	-	271,865	257,314
Unrestricted	1,298,587	(488,423)	810,164	1,004,471
<b>TOTAL NET POSITION</b>	<b>\$ 9,636,379</b>	<b>\$ 1,689,453</b>	<b>\$ 11,325,832</b>	<b>\$ 11,147,009</b>

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, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	Utility	Marina	Totals	
			2014	2013
<b>Operating Revenues</b>				
Charges for services				
Residential	\$ 479,866	\$ -	\$ 479,866	\$ 495,873
Commercial	283,279	-	283,279	296,367
Public authorities	24,919	-	24,919	20,983
Multi-Family	64,935	-	64,935	-
Public fire protection	95,107	-	95,107	94,501
Private fire protection	7,280	-	7,280	7,280
Unmetered sales	493	-	493	420
Sales for resale	10,396	-	10,396	9,244
Docking and launch charges	-	511,738	511,738	534,610
Marina services	-	228	228	389
Product and vending sales	-	2,739	2,739	3,189
Other operating revenues				
Forfeited discounts	2,646	-	2,646	2,468
Rental income	5,880	13,291	19,171	16,123
Services to other systems	69,879	-	69,879	70,498
Other sewage services	74,304	-	74,304	76,842
Marina fest	-	5,869	5,869	8,910
Other revenues	22,544	347	22,891	26,794
<b>Total Operating Revenues</b>	<b>1,141,528</b>	<b>534,212</b>	<b>1,675,740</b>	<b>1,664,491</b>
<b>Operating Expenses</b>				
Operation and maintenance	492,998	138,081	631,079	760,787
Administrative and general	232,704	40,031	272,735	292,417
Depreciation	431,904	202,311	634,215	643,743
Taxes	19,592	5,536	25,128	26,292
<b>Total Operating Expenses</b>	<b>1,177,198</b>	<b>385,959</b>	<b>1,563,157</b>	<b>1,723,239</b>
<b>Operating Income (Loss)</b>	<b>(35,670)</b>	<b>148,253</b>	<b>112,583</b>	<b>(58,748)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	20,096	812	20,908	27,958
Connection fees	1,562	-	1,562	3,947
Impact fees	94,050	-	94,050	108,774
Interest on long-term debt	(48,209)	(93,972)	(142,181)	(151,822)
Gain on sale of land	-	-	-	175,455
Miscellaneous	8,883	-	8,883	138
<b>Total Nonoperating Revenues (Expenses)</b>	<b>76,382</b>	<b>(93,160)</b>	<b>(16,778)</b>	<b>164,450</b>
<b>Net Income before Transfers and Contributions</b>	<b>40,712</b>	<b>55,093</b>	<b>95,805</b>	<b>105,702</b>
Transfer in	-	25,000	25,000	-
Transfer out	-	(161,905)	(161,905)	(161,905)
Capital contributions	219,923	-	219,923	4,500
<b>Change in Net Position</b>	<b>260,635</b>	<b>(81,812)</b>	<b>178,823</b>	<b>(51,703)</b>
<b>Net Position - January 1</b>	<b>9,375,744</b>	<b>1,771,265</b>	<b>11,147,009</b>	<b>11,198,712</b>
<b>Net Position - December 31</b>	<b>\$ 9,636,379</b>	<b>\$ 1,689,453</b>	<b>\$ 11,325,832</b>	<b>\$ 11,147,009</b>

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, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

	Utility	Marina	Totals	
			2014	2013
<b>Cash Flows from Operating Activities</b>				
Cash received from user charges	\$ 1,100,951	\$ 530,935	\$ 1,631,886	\$ 1,599,171
Cash received from other governments	22,913	-	22,913	23,104
Cash payments to suppliers	(500,744)	(108,466)	(609,210)	(763,217)
Cash payments to employees	(255,625)	(70,490)	(326,115)	(312,523)
<b>Net Cash Provided by Operating Activities</b>	<b>367,495</b>	<b>351,979</b>	<b>719,474</b>	<b>546,535</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Changes in assets and liabilities				
Transfer for property tax equivalent	-	(161,905)	(161,905)	(161,905)
Due to other funds	13,942	-	13,942	1,635
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>13,942</b>	<b>(161,905)</b>	<b>(147,963)</b>	<b>(160,270)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of capital assets	(1,053,299)	(32,439)	(1,085,738)	(360,829)
Sale of capital asset	-	-	-	175,455
Contributions from property owners	-	-	-	14,467
Contributions from capital projects fund for capital outlay	-	25,000	25,000	-
Impact fees received	94,050	-	94,050	108,774
Payments on long-term advances	-	(36,396)	(36,396)	(35,683)
Principal payments of long-term debt	(138,600)	(26,250)	(164,850)	(225,650)
Interest payments on long-term debt	(48,670)	(94,189)	(142,859)	(152,648)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(1,146,519)</b>	<b>(164,274)</b>	<b>(1,310,793)</b>	<b>(476,114)</b>
<b>Cash Flows from Investing Activities</b>				
Interest income	20,096	812	20,908	27,958
<b>Net Change in Cash and Cash Equivalents</b>	<b>(744,986)</b>	<b>26,612</b>	<b>(718,374)</b>	<b>(61,891)</b>
<b>Cash and Cash Equivalents - January 1</b>	<b>3,097,139</b>	<b>269,481</b>	<b>3,366,620</b>	<b>3,428,511</b>
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 2,352,153</b>	<b>\$ 296,093</b>	<b>\$ 2,648,246</b>	<b>\$ 3,366,620</b>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</b>				
Cash and investments	\$ 558,536	\$ 296,093	\$ 854,629	\$ 1,110,765
Restricted cash and investments	1,793,617	-	1,793,617	2,255,855
<b>Total Cash and Cash Equivalents</b>	<b>\$ 2,352,153</b>	<b>\$ 296,093</b>	<b>\$ 2,648,246</b>	<b>\$ 3,366,620</b>

(Continued)

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Cash Flows (Continued)**  
**Proprietary Fund Type - Enterprise Fund**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	Utility	Marina	Totals	
			2014	2013
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ (35,670)	\$ 148,253	\$ 112,583	\$ (58,748)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	431,904	202,311	634,215	643,743
Miscellaneous nonoperating revenues	10,445	-	10,445	4,085
Changes in assets and liabilities				
Accounts receivable	(26,103)	(3,277)	(29,380)	(19,915)
Due from other governments	(2,006)	-	(2,006)	2,121
Inventory	(1,813)	(534)	(2,347)	(1,575)
Prepaid expenses	-	(950)	(950)	1,515
Accounts payable	(5,933)	4,809	(1,124)	2,074
Accrued liabilities	2,525	1,367	3,892	740
Deposits	-	-	-	(28,507)
Compensated absences	(5,854)	-	(5,854)	1,002
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 367,495</b>	<b>\$ 351,979</b>	<b>\$ 719,474</b>	<b>\$ 546,535</b>
<b>Noncash Investing, Capital and Financing Activities</b>				
Capital asset additions contributed by land owners	\$ 219,923	\$ -	\$ 219,923	\$ 4,500

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, 2014

**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 2014, the Village remitted \$110,683 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, 2014 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 2014, the Village remitted an operating appropriation of \$27,901 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 2014, the Village of Sister Bay received \$136,598 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, 2014

**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, 2014

**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, 2014

**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, 2014**

**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, 2014

**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, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- 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, 2014

**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, 2013, 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, 2014.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. 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 \$6,862,785 on December 31, 2014 as summarized below:

Petty cash funds	\$ 198
Deposits with financial institutions	4,644,234
Investments:	
Repurchase agreements	<u>2,218,353</u>
	<u>\$ 6,862,785</u>

Reconciliation to the basic financial statements:

Government-wide Statement of Net Position	
Cash and investments	\$ 5,069,168
Restricted cash and investments	<u>1,793,617</u>
	<u>\$ 6,862,785</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, 2014

**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, 2014, none of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits.

On December 31, 2014, the Village held repurchase agreement investments of \$2,218,353 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, 2014**

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**3. Restricted Assets**

Restricted assets on December 31, 2014 totaled \$1,793,617 and consisted of cash and investments held for the following purposes:

Enterprise Fund

Water Department	
Plant replacement	\$ 211,825
Wastewater Department	
Plant replacement	950,832
Collection system replacement	107,482
Impact fee collections	271,865
Land sale proceeds	251,613
<b>Total Restricted Assets</b>	<b><u>\$ 1,793,617</u></b>

**4. Capital Assets**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 9,057,453	\$ 30,000	\$ -	\$ 9,087,453
Construction in progress	591,210	408,206	46,968	952,448
<b>Total capital assets, not being depreciated</b>	<b>9,648,663</b>	<b>438,206</b>	<b>46,968</b>	<b>10,039,901</b>
<b>Capital assets, being depreciated:</b>				
Land improvements	2,045,836	-	2,552	2,043,284
Buildings	3,184,295	551,410	18,343	3,717,362
Machinery and equipment	352,205	26,800	10,119	368,886
Infrastructure	1,089,916	137,823	-	1,227,739
<b>Subtotals</b>	<b>6,672,252</b>	<b>716,033</b>	<b>31,014</b>	<b>7,357,271</b>
<b>Less accumulated depreciation for:</b>				
Land improvements	502,295	63,656	2,297	563,654
Buildings	873,900	70,851	15,200	929,551
Machinery and equipment	183,184	17,600	8,971	191,813
Infrastructure	404,220	53,221	-	457,441
<b>Subtotals</b>	<b>1,963,599</b>	<b>205,328</b>	<b>26,468</b>	<b>2,142,459</b>
<b>Total capital assets, being depreciated, net</b>	<b>4,708,653</b>	<b>510,705</b>	<b>4,546</b>	<b>5,214,812</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 14,357,316</b>	<b>\$ 948,911</b>	<b>\$ 51,514</b>	<b>15,254,713</b>
<b>Less related long-term debt outstanding</b>				<b>11,551,250</b>
<b>Net investment in capital assets</b>				<b>\$ 3,703,463</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 1,666,476	\$ -	\$ -	\$ 1,666,476
Construction in progress	454,434	1,050,636	-	1,505,070
<b>Total capital assets, not being depreciated</b>	<b>2,120,910</b>	<b>1,050,636</b>	<b>-</b>	<b>3,171,546</b>
<b>Capital assets, being depreciated:</b>				
Land improvements	3,643,865	-	-	3,643,865
Buildings	5,660,466	-	-	5,660,466
Machinery and equipment	1,752,775	-	-	1,752,775
Infrastructure	7,897,292	255,025	25,090	8,127,227
<b>Subtotals</b>	<b>18,954,398</b>	<b>255,025</b>	<b>25,090</b>	<b>19,184,333</b>
<b>Less accumulated depreciation for:</b>				
Land improvements	1,376,617	183,018	-	1,559,635
Buildings	1,592,015	194,409	-	1,786,424
Machinery and equipment	1,288,420	104,990	25,090	1,368,320
Infrastructure	5,732,290	151,798	-	5,884,088
<b>Subtotals</b>	<b>9,989,342</b>	<b>634,215</b>	<b>25,090</b>	<b>10,598,467</b>
<b>Total capital assets, being depreciated, net</b>	<b>8,965,056</b>	<b>(379,190)</b>	<b>-</b>	<b>8,585,866</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 11,085,966</b>	<b>\$ 671,446</b>	<b>\$ -</b>	<b>11,757,412</b>
<b>Less related long-term debt outstanding</b>				<b>2,783,750</b>
<b>Net investment in capital assets</b>				<b>\$ 8,973,662</b>
<b>Depreciation expense was charged to functions of the Village as follows:</b>				
<b>Governmental activities</b>				
General government				\$ 77,056
Parks and streets				128,272
<b>Total depreciation expense - governmental activities</b>				<b>\$ 205,328</b>
<b>Business-type activities</b>				
Marina				\$ 202,311
Water utility				106,576
Wastewater utility				325,328
<b>Total depreciation expense - business-type activities</b>				<b>\$ 634,215</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**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, 2014 are detailed below:

	Interfund Receivables	Interfund Payables
<b>Operating Accounts Between Funds</b>		
General Fund	\$ -	\$ 2,280
Utility Enterprise Fund	2,280	-
<b>Long-term Advance</b>		
TID Fund	742,938	-
Marina Enterprise Fund	-	742,938
<b>Totals</b>	<b>\$ 745,218</b>	<b>\$ 745,218</b>

In 2011, \$850,000 was advanced to the Marina enterprise fund from the TID fund. A balance of \$742,938 was outstanding on December 31, 2014. The advance is presently scheduled to be repaid over 20 years ending in 2031.

Interfund transfers for the year ended December 31, 2014 were as follows:

Transfer In	Transfer Out	Purpose	Amount
<b>Governmental Funds</b>			
General	Marina	Payment in lieu of tax	\$ 161,905
Capital Projects	General	Capital outlay	346,700
Ice Rink	General	Operations	5,000
Debt Service	Capital projects	Retirement of debt	35,236
<b>Total Governmental Funds</b>			<b>\$ 548,841</b>
<b>Business-type Funds</b>			
Marina	Capital projects	Capital outlay	\$ 25,000
Government fund transfers in			\$ 548,841
Government fund transfers out			(25,000)
Less: Fund eliminations			(386,936)
<b>Total Transfers - Government-wide</b>			<b>\$ 136,905</b>
<b>Statement of Activities</b>			<b>\$ 136,905</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**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, 2014:

	Outstanding 1/1/14	Issued	Retired	Outstanding 12/31/14	Due Within One Year
<b>Governmental activities:</b>					
<b>General Obligation Debt</b>					
Notes	\$ -	\$ 400,000	\$ -	\$ 400,000	\$ 36,429
Refunding bonds	12,011,400	-	460,150	11,551,250	536,400
<b>Total General Obligation Debt</b>	<b>12,011,400</b>	<b>400,000</b>	<b>460,150</b>	<b>11,951,250</b>	<b>572,829</b>
Compensated absences	20,249	17,797	-	38,046	-
<b>Governmental activities</b>					
Long-term obligations	<u>\$ 12,031,649</u>	<u>\$ 417,797</u>	<u>\$ 460,150</u>	<u>\$ 11,989,296</u>	<u>\$ 572,829</u>
<b>Business-type activities:</b>					
<b>General Obligation Debt</b>					
Refunding bonds	\$ 2,948,600	\$ -	\$ 164,850	\$ 2,783,750	\$ 188,600
Compensated absences	12,487	-	5,846	6,641	-
<b>Business-type activities</b>					
Long-term obligations	<u>\$ 2,961,087</u>	<u>\$ -</u>	<u>\$ 170,696</u>	<u>\$ 2,790,391</u>	<u>\$ 188,600</u>

Total interest paid during the year on long-term debt totaled 621,612.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$400,000 issued 11/7/14; \$36,429 to \$43,189 due annually through 2024;  
interest 2.09% \$ 400,000

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% 2,810,000

\$5,350,000 issued 4/26/11; \$100,000 to \$500,000 due annually through 2031;  
interest 3.0% to 5.0% 5,225,000

\$6,500,000 issued 5/24/11; \$125,000 to \$600,000 due annually through 2031;  
interest 2.5% to 5.0% 6,300,000

**Total Outstanding General Obligation Debt \$ 14,735,000**

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Annual principal and interest maturities of the outstanding general obligation debt of \$14,735,000 on December 31, 2014 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 572,829	\$ 486,094	\$ 188,600	\$ 120,893	\$ 761,429	\$ 606,987
2016	636,895	465,774	210,300	113,447	847,195	579,221
2017	697,226	442,987	240,750	105,177	937,976	548,164
2018	757,574	415,957	256,200	94,189	1,013,774	510,146
2019	719,189	385,024	295,400	82,370	1,014,589	467,394
2020-2024	2,910,037	1,580,938	525,000	304,976	3,435,037	1,885,914
2025-2029	3,832,500	889,198	717,500	170,630	4,550,000	1,059,828
2030-2031	1,825,000	91,875	350,000	17,499	2,175,000	109,374
	<u>\$ 11,951,250</u>	<u>\$ 4,757,847</u>	<u>\$ 2,783,750</u>	<u>\$ 1,009,181</u>	<u>\$ 14,735,000</u>	<u>\$ 5,767,028</u>

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2014 was \$5,133,115 as follows:

Equalized valuation of the Village	\$ 397,091,400
Statutory limitation percentage	<u>(x) 5%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	19,854,570
Outstanding general obligation debt applicable to debt limitation	\$ 14,735,000
Less: Amounts available for financing general obligation debt	
Debt service fund	<u>13,545</u>
Net outstanding general obligation debt applicable to debt limitation	<u>14,721,455</u>
Legal Margin for New Debt	<u><u>\$ 5,133,115</u></u>

7. Minimum Fund Balance Policy

The Village Board has adopted a policy that fund balance in the amount of 25% of the subsequent year budgeted general fund expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2015 General Fund Expenditures	\$ 1,549,144
Minimum Fund Balance %	<u>x 25%</u>
Minimum Fund Balance Amount	<u><u>\$ 387,286</u></u>

The Village's unassigned general fund balance of \$243,186 is less than the minimum fund balance amount.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2014

**NOTE D - OTHER INFORMATION**

**1. 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.

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 for 2014 are as follows:

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

The payroll for Village employees covered by the WRS for the year ended December 31, 2014 was \$473,508; the employer's total payroll was \$700,408. The total required contribution for the year ended December 31, 2014 was \$66,292, which consisted of \$33,146 or 7.00% of covered payroll from the employer, and \$33,146, or 7.00% of covered payroll from employees. Total contributions for the years ended December 31, 2013 and 2012 were \$53,172 and \$44,532, 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, 2014

**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, 2014 from future excess tax increment revenues follows:

	<table border="1"><tr><td>TID No. 1</td></tr></table>	TID No. 1
TID No. 1		
Net Unreimbursed Project Costs	<u>\$ 5,044,820</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 2014 and 2015 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 2014 budget was .73%. The actual limit for the Village for the 2015 budget was 1.21%. 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.

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Notes to Basic Financial Statements**  
**December 31, 2014**

**NOTE D - OTHER INFORMATION (Continued)**

6. Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide and proprietary statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The Statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Village is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this Statement are effective for financial statements for the year ending December 31, 2015.

## **SUPPLEMENTARY INFORMATION**

**VILLAGE OF SISTER BAY, WISCONSIN**

Combining Balance Sheet

Nonmajor Governmental Funds

December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

	Ice Rink	Skate Park	Total Governmental Funds	
			2014	2013
<b>ASSETS</b>				
Cash and investments	\$ 12,791	\$ 2,804	\$ 15,595	\$ 16,972
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,973	\$ -	\$ 2,973	\$ 731
<b>Fund Balances</b>				
Committed for				
Ice rink	9,818	-	9,818	13,524
Skate park	-	2,804	2,804	2,717
<b>Total Fund Balances</b>	<u>9,818</u>	<u>2,804</u>	<u>12,622</u>	<u>16,241</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 12,791</u>	<u>\$ 2,804</u>	<u>\$ 15,595</u>	<u>\$ 16,972</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, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	Ice Rink	Skate Park	Total Governmental Funds	
			2014	2013
<b>Revenues</b>				
Public charges for services	\$ 13,625	\$ 87	\$ 13,712	\$ 16,119
Miscellaneous	1,855	-	1,855	1,567
<b>Total Revenues</b>	<b>15,480</b>	<b>87</b>	<b>15,567</b>	<b>17,686</b>
<b>Expenditures</b>				
Current				
Parks and streets	24,186	-	24,186	24,111
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(8,706)	87	(8,619)	(6,425)
<b>Other Financing Sources</b>				
Transfers in	5,000	-	5,000	5,000
<b>Net Change in Fund Balances</b>	<b>(3,706)</b>	<b>87</b>	<b>(3,619)</b>	<b>(1,425)</b>
<b>Fund Balances - January 1</b>	<b>13,524</b>	<b>2,717</b>	<b>16,241</b>	<b>17,666</b>
<b>Fund Balances - December 31</b>	<b>\$ 9,818</b>	<b>\$ 2,804</b>	<b>\$ 12,622</b>	<b>\$ 16,241</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**General Fund**  
**Detailed Comparison of Budgeted and Actual Revenues**  
**For the Year Ended December 31, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2013
	Original	Final			
<b>Taxes</b>					
General property	\$ 1,183,483	\$ 1,183,483	\$ 1,179,829	\$ (3,654)	\$ 1,007,405
Managed forestland taxes	30	30	34	4	27
Interest and penalties on taxes	200	200	105	(95)	485
<b>Total Taxes</b>	<b>1,183,713</b>	<b>1,183,713</b>	<b>1,179,968</b>	<b>(3,745)</b>	<b>1,007,917</b>
<b>Intergovernmental</b>					
<b>State</b>					
Fire insurance	13,500	13,500	14,717	1,217	13,194
Transportation	52,437	52,437	52,437	-	58,263
Shared taxes	9,036	9,036	9,036	-	9,036
Exempt computer aid	1,207	1,207	1,172	(35)	-
Forest cropland	-	-	4	4	4
County recycling rebates	3,500	3,500	5,342	1,842	3,449
<b>Total Intergovernmental</b>	<b>79,680</b>	<b>79,680</b>	<b>82,708</b>	<b>3,028</b>	<b>83,946</b>
<b>Licenses and Permits</b>					
Liquor	8,000	8,000	8,350	350	8,433
Operators	700	700	800	100	800
Soda	120	120	130	10	120
Cigarette	40	40	50	10	50
Dog	12	12	38	26	13
Zoning	1,000	1,000	1,175	175	1,125
Building permits	8,000	8,000	10,434	2,434	16,296
Other permits	1,200	1,200	935	(265)	2,110
<b>Total Licenses and Permits</b>	<b>19,072</b>	<b>19,072</b>	<b>21,912</b>	<b>2,840</b>	<b>28,947</b>
<b>Fines, Forfeits and Penalties</b>					
Parking tickets	750	750	490	(260)	565
<b>Public Charges for Services</b>					
Publication fees	420	420	420	-	440
Plan commission fees	800	800	500	(300)	900
Snow plowing and sanding fees	1,400	1,400	1,471	71	1,314
Services to other governments	10,500	10,500	13,390	2,890	11,638
Festivals and event fees	500	500	4,772	4,272	531
Miscellaneous fees	3,500	3,500	4,896	1,396	7,084
<b>Total Public Charges for Services</b>	<b>17,120</b>	<b>17,120</b>	<b>25,449</b>	<b>8,329</b>	<b>21,907</b>
<b>Miscellaneous</b>					
Rental income	24,500	24,500	25,061	561	25,329
Interest on investments	2,000	2,000	1,699	(301)	1,695
Donations	-	-	-	-	125
Sale of Village property	-	-	455,650	455,650	650
Miscellaneous	450	450	250	(200)	481
<b>Total Miscellaneous</b>	<b>26,950</b>	<b>26,950</b>	<b>482,660</b>	<b>455,710</b>	<b>28,280</b>
<b>Total Revenues</b>	<b>\$ 1,327,285</b>	<b>\$ 1,327,285</b>	<b>\$ 1,793,187</b>	<b>\$ 465,902</b>	<b>\$ 1,171,562</b>

**VILLAGE OF SISTER BAY, WISCONSIN**

General Fund

Detailed Comparison of Budgeted and Actual Expenditures

For the Year Ended December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2013
	Original	Final			
<b>General Government</b>					
Direct employee costs	\$ 37,369	\$ 37,369	\$ 32,092	\$ 5,277	\$ 36,537
Indirect employee costs	1,800	1,800	1,766	34	1,848
Utility costs	95,538	95,538	111,708	(16,170)	95,841
Supplies	2,430	2,430	2,532	(102)	2,347
Other services	104,950	104,950	144,261	(39,311)	89,644
Maintenance	31,000	31,000	22,712	8,288	21,569
Fire services support	110,683	110,683	110,683	-	101,785
Sister Bay advance support	50,000	50,000	50,000	-	50,000
Library support	27,901	27,901	27,901	-	26,166
Other support	16,300	16,300	10,939	5,361	13,203
Miscellaneous/Contingency	12,150	12,150	4,217	7,933	6,780
<b>Total General Government</b>	<b>490,121</b>	<b>490,121</b>	<b>518,811</b>	<b>(28,690)</b>	<b>445,720</b>
<b>Administration</b>					
Direct employee costs	214,124	162,796	151,313	11,483	197,512
Indirect employee costs	5,950	5,950	6,832	(882)	10,030
Utility costs	4,925	4,925	5,073	(148)	5,063
Supplies	15,050	15,050	13,033	2,017	13,765
Other services	20,500	20,500	19,469	1,031	38,087
Maintenance	400	400	460	(60)	400
<b>Total Administration</b>	<b>260,949</b>	<b>209,621</b>	<b>196,180</b>	<b>13,441</b>	<b>264,857</b>
<b>Parks and Streets</b>					
Direct employee costs	228,228	228,228	231,197	(2,969)	222,321
Indirect employee costs	1,475	1,475	648	827	1,008
Utility costs	61,520	61,520	60,877	643	60,945
Supplies	7,975	7,975	8,695	(720)	7,504
Other services	149,600	149,600	149,128	472	152,881
Maintenance	61,337	61,337	74,884	(13,547)	57,667
Vehicles	25,000	25,000	23,284	1,716	24,420
Other	-	-	-	-	22,500
<b>Total Parks and Streets</b>	<b>535,135</b>	<b>535,135</b>	<b>548,713</b>	<b>(13,578)</b>	<b>549,246</b>
<b>Total Expenditures</b>	<b>\$ 1,286,205</b>	<b>\$ 1,234,877</b>	<b>\$ 1,263,704</b>	<b>\$ (28,827)</b>	<b>\$ 1,259,823</b>

**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, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2013
	Original	Final			
<b>Revenues</b>					
<b>Taxes</b>					
General property	\$ 808,859	\$ 808,859	\$ 808,859	\$ -	\$ 770,000
Room taxes	127,600	127,600	136,598	8,998	129,547
<b>Total Taxes</b>	<u>936,459</u>	<u>936,459</u>	<u>945,457</u>	<u>8,998</u>	<u>899,547</u>
<b>Expenditures</b>					
<b>Debt Service</b>					
Principal	460,150	460,150	460,150	-	374,350
Interest and fiscal charges	494,337	494,337	494,337	-	508,152
<b>Total Expenditures</b>	<u>954,487</u>	<u>954,487</u>	<u>954,487</u>	<u>-</u>	<u>882,502</u>
<b>Excess of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>(18,028)</u>	<u>(18,028)</u>	<u>(9,030)</u>	<u>8,998</u>	<u>17,045</u>
<b>Other Financing Sources</b>					
<b>Transfers in</b>	<u>35,236</u>	<u>35,236</u>	<u>35,236</u>	<u>-</u>	<u>138,579</u>
<b>Net Change in Fund Balance</b>	<u>17,208</u>	<u>17,208</u>	<u>26,206</u>	<u>8,998</u>	<u>155,624</u>
<b>Fund Balance (Deficit) - January 1</b>	<u>-</u>	<u>-</u>	<u>(12,661)</u>	<u>(12,661)</u>	<u>(168,285)</u>
<b>Fund Balance (Deficit) - December 31</b>	<u>\$ 17,208</u>	<u>\$ 17,208</u>	<u>\$ 13,545</u>	<u>\$ (3,663)</u>	<u>\$ (12,661)</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Schedule of Water Department Operating Revenues and Expenses**  
**For the Year Ended December 31, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	2014	2013
<b>Operating Revenues</b>		
<b>Sales of water</b>		
Residential sales	\$ 137,178	\$ 142,752
Commercial sales	79,768	82,536
Multi-family	15,925	-
Public authorities	10,802	9,384
Public fire protection	95,107	94,501
Private fire protection	7,280	7,280
Unmetered sales	310	301
Sales for resale	10,396	9,244
<b>Total Sales of Water</b>	<u>356,766</u>	<u>345,998</u>
<b>Other operating</b>		
Forfeited discounts	877	829
Rent	4,800	4,800
Services to other systems	5,195	6,536
Other water revenues	17,491	20,005
<b>Total Other Operating</b>	<u>28,363</u>	<u>32,170</u>
<b>Total Operating Revenues</b>	<u>385,129</u>	<u>378,168</u>
<b>Operating Expenses</b>		
<b>Operation and maintenance</b>		
Supervision and labor	74,230	71,440
Power purchased for pumping	24,362	22,231
Chemicals	839	2,781
Operating supplies and expenses	6,671	3,024
Repairs of water plant	24,917	93,641
Transportation expense	3,689	4,263
<b>Total Operation and Maintenance</b>	<u>134,708</u>	<u>197,380</u>
<b>General and administrative</b>		
Administrative and general salaries	18,443	17,924
Office supplies and expenses	7,709	7,985
Outside services employed	13,554	26,835
Insurance expense	2,979	3,962
Employee pensions and benefits	30,760	33,255
Miscellaneous general expenses	4,897	3,455
<b>Total General and Administrative</b>	<u>78,342</u>	<u>93,416</u>
<b>Depreciation</b>	102,768	100,947
<b>Taxes</b>	<u>7,051</u>	<u>7,176</u>
<b>Total Operating Expenses</b>	<u>322,869</u>	<u>398,919</u>
<b>Operating Income (Loss)</b>	<u>\$ 62,260</u>	<u>\$ (20,751)</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Schedule of Wastewater Treatment Plant Operating Revenues and Expenses**  
**For the Year Ended December 31, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	2014	2013
<b>Operating Revenues</b>		
Sewage service		
Residential	\$ 222,806	\$ 227,438
Commercial	137,435	147,303
Multi-family	33,153	-
Service to public authorities	9,454	7,576
<b>Total Sewage Service</b>	<b>402,848</b>	<b>382,317</b>
Other operating		
Forfeited discounts	1,176	1,136
Rent	1,080	1,080
Services to other systems	64,684	63,962
Other sewage service	74,304	76,750
Miscellaneous	206	161
<b>Total Other Operating</b>	<b>141,450</b>	<b>143,089</b>
<b>Total Operating Revenues</b>	<b>544,298</b>	<b>525,406</b>
<b>Operating Expenses</b>		
Operation and maintenance		
Supervision and labor	100,020	109,239
Power purchased for pumping	69,013	60,421
Chemicals	10,668	16,084
Operating supplies and expenses	16,187	9,374
Maintenance of treatment and disposal equipment	56,550	40,439
Maintenance of general plant structures and equipment	2,344	12,539
Transportation expense	5,800	6,230
Sludge expense	28,832	26,037
<b>Total Operation and Maintenance</b>	<b>289,414</b>	<b>280,363</b>
General and administrative		
Administrative and general salaries	25,905	21,865
Office supplies and expenses	10,563	10,628
Outside services employed	18,001	20,560
Insurance expense	7,723	9,816
Employee pensions and benefits	49,812	47,255
Miscellaneous general expenses	5,304	4,968
<b>Total General and Administrative</b>	<b>117,308</b>	<b>115,092</b>
Depreciation	261,846	261,846
Taxes - FICA	9,397	9,869
<b>Total Operating Expenses</b>	<b>677,965</b>	<b>667,170</b>
<b>Operating Loss</b>	<b>\$ (133,667)</b>	<b>\$ (141,764)</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Schedule of Wastewater Collection System Operating Revenues and Expenses**  
**For the Year Ended December 31, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	2014	2013
<b>Operating Revenues</b>		
<b>Sewage service</b>		
Residential	\$ 119,882	\$ 125,683
Commercial	66,076	66,528
Multi-family	15,857	-
Service to public authorities	4,663	4,023
<b>Total Sewage Service</b>	<u>206,478</u>	<u>196,234</u>
<b>Other operating</b>		
Forfeited discounts	593	503
Other sewage service	-	92
Miscellaneous	5,030	6,590
<b>Total Other Operating</b>	<u>5,623</u>	<u>7,185</u>
<b>Total Operating Revenues</b>	<u>212,101</u>	<u>203,419</u>
<b>Operating Expenses</b>		
<b>Operation and maintenance</b>		
Supervision and labor	28,485	27,340
Power purchased for pumping	4,496	3,941
Chemicals	4,789	3,559
Operating supplies and expenses	2,844	3,290
Maintenance of collection system	25,918	25,057
Transportation expense	1,643	1,925
<b>Total Operation and Maintenance</b>	<u>68,175</u>	<u>65,112</u>
<b>General and administrative</b>		
Administrative and general salaries	7,483	9,568
Office supplies and expenses	1,789	1,833
Outside services employed	6,561	7,357
Insurance expense	2,944	3,347
Employee pensions and benefits	18,045	15,778
Miscellaneous general expenses	933	694
<b>Total General and Administrative</b>	<u>37,755</u>	<u>38,577</u>
<b>Depreciation</b>	67,290	66,745
<b>Taxes - FICA</b>	<u>3,144</u>	<u>3,112</u>
<b>Total Operating Expenses</b>	<u>176,364</u>	<u>173,546</u>
<b>Operating Income</b>	<u>\$ 35,737</u>	<u>\$ 29,873</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Schedule of Marina Operating Revenues and Expenses**  
**For the Year Ended December 31, 2014**  
(With Summarized Financial Information for the Year Ended December 31, 2013)

	2014	2013
<b>Operating Revenues</b>		
Marina service		
Docking and launch charges	\$ 511,738	\$ 534,610
Marina services	228	389
Product and vending sales	2,739	3,189
<b>Total Marina Service</b>	<b>514,705</b>	<b>538,188</b>
Other operating		
Building rent	13,291	10,243
Marina festival	5,869	8,910
Other	347	157
<b>Total Other Operating</b>	<b>19,507</b>	<b>19,310</b>
<b>Total Operating Revenues</b>	<b>534,212</b>	<b>557,498</b>
<b>Operating Expenses</b>		
Operation and maintenance		
Supervision and labor	57,184	58,530
Operating supplies and expenses	40,564	40,996
Maintenance	23,823	97,963
Marina festival costs	16,510	18,820
<b>Total Operation and Maintenance</b>	<b>138,081</b>	<b>216,309</b>
General and administrative		
Administrative and general salaries	9,137	8,975
Office supplies and expenses	5,708	5,074
Outside services employed	5,144	5,181
Insurance expense	5,769	7,483
Employee pensions and benefits	7,456	12,589
Miscellaneous general expenses	6,817	7,653
<b>Total General and Administrative</b>	<b>40,031</b>	<b>46,955</b>
Depreciation	202,311	214,205
Taxes - FICA	5,536	6,135
<b>Total Operating Expenses</b>	<b>385,959</b>	<b>483,604</b>
<b>Operating Income</b>	<b>\$ 148,253</b>	<b>\$ 73,894</b>

**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, 2014, 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 March 31, 2015.

**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 2014-001 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Village of 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  
March 31, 2015

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2014**

**Section I - Internal Control Over Financial Reporting**

Finding No.	Control Deficiencies
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**2014-001      Preparation of Annual Financial Report**

**Condition:** Current Village staff maintains the 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. For the same reasons, the Village contracts with us to compile the Wisconsin Municipal Financial Report Form C and the Public Service Commission Report.

**Criteria:** The preparation and review of the annual financial report, municipal financial report, and public service commission 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 or other required State Financial reports.

**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, municipal financial report, and public service commission 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, 2014.