

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Basic Financial Statements  
And Supplementary Information**

Year Ended December 31, 2016

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

Year Ended December 31, 2016

**Table of Contents**

**Page(s)**

Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Proprietary Funds	18
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Net Position – Fiduciary (Agency) Fund	21
Notes to Financial Statements	22 - 52
Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	53
Schedules of Proportionate Share of the Net Pension Asset (Liability) and Employer Contributions	54
Notes to Required Supplementary Information	55
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	57

David A. Grotkin  
Joel A. Joyce  
Brian J. Mechenich  
Carrie A. Gindt



Patrick G. Hoffert  
Jason J. Wrasse  
Joshua T. Bierbach

## **Independent Auditors' Report**

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

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

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Summit, Wisconsin, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 11 and 53 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Summit's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements are the responsibility of management and were 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Reilly Penner & Burton LLP*

June 14, 2017  
Milwaukee, Wisconsin

Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016

(UNAUDITED)

As management of the Village of Summit, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Village's year ended December 31, 2016. The Village of Summit was incorporated by the State of Wisconsin from the remaining Town of Summit on July 29, 2010. The Town implemented the provisions of Governmental Accounting Standards Board Statement 34 effective for the Town on January 1, 2005. The Village of Summit has continued these standards and continued to implement additional GASB recommendations as identified by the Village's Audit firm.

**A. Financial Highlights**

The assets of the Village of Summit exceeded its liabilities at the close of the most recent fiscal year by \$11,614,324, an increase of over \$385,000 from 2015. The increase came in part by reducing the Summit Utility District #2 debt and continued collection of the Amended Final Special Assessment Resolution in Summit Utility District #2. The Silver Lake Utility District completed debt service payments for the sanitary sewer system in 2016.

The Village of Summit includes GASB 54 fund balance reporting descriptions as part of the Financial Statements. This information provides a clearer fund balance classification that can be more consistently applied. This reporting policy uses fund balance classifications in a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in government funds. The categories include Non-spendable, Restricted, Committed, Assigned and Unassigned. Page 31 of the Notes to Financial Statements further describes these classifications.

As of the close of the current fiscal year, Summit's Governmental Funds reported ending fund balances of \$2,789,479, an increase of \$269,660. Of this ending fund balance, approximately 79% of this total amount (or \$2,194,044) represents monies available for spending at the government's discretion (Unassigned or Committed Funds). At year-end, management had committed \$1,220,434 from these monies for specific purposes.

At the end of the current fiscal year the Unassigned fund balance for the general fund was \$973,950, or 33% of total general fund expenditures. The Village's total debt responsibility decreased by \$819,174. Borrowing by the Village of Summit for capital projects in 2016 caused the general obligation debt for governmental activities to rise by \$54,345 while business-type debt decreased by \$885,000. Liabilities for compensated absences increased by \$19,444.

**B. Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village of Summit's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

**B.1. Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Summit's finances, in a manner similar to a private-sector business.

Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016

**Overview of the Financial Statements (continued)**

The *statement of net position* presents information on all of the Village of Summit's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position for the Village. Since 2007, the total assets for the community have decreased by \$249,087, to \$24,222,115. This value exists in spite of ongoing depreciation of the Village's utility system infrastructure. The net position of the Village has increased from \$6,177,047 in 2007 to \$11,614,324 at the end of 2016.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave or sick leave).

Both of the government-wide financial statements distinguish functions of the Village of Summit that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Summit include general government, public safety, public works, leisure activities, health and human services. Beginning in 2012 the Village also provided stormwater and flood hazard mitigation activities in the Genesee Lakes Utility District. The business-type activities of the Village include Silver Lake Utility District and Summit Utility District #2, wherein the Village provides District administrative, billing, and limited property maintenance services.

**B.2. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Summit, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and enterprise funds. Within each of these classes there are also identified major and non-major funds. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016

**Overview of the Financial Statements (continued)**

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

The Village of Summit maintains two major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the six other governmental funds are combined into a single, aggregated presentation and listed as non-major governmental funds. These six funds include the Debt Service, Land Acquisition and Capital Improvements, Impact Fees, Genesee Lakes Utility District, Summit Utility District #3 and Cemetery Funds. Individual fund data for each of these non-major government funds is provided in the form of *combining statements* on pages 56 - 57 of this report.

The Village of Summit adopts an annual appropriated budget for the entire general fund and various other funds as required by state statute. A budgetary comparison statement has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

*Proprietary Funds*

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village of Summit maintains two proprietary funds. The proprietary fund financial statements provide separate information for the Silver Lake Utility District and Summit Utility District #2, which are considered to be major *enterprise funds* of the Village of Summit.

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Summit's own programs. The Village maintains a Tax Roll Fund for this purpose. The accounting used for fiduciary funds is much like that used for governmental funds.

**B.3. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-52 of this report.

**B.4. Supplementary information**

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 56 and 57 of this report.

Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016

**C. Government-Wide Financial Analysis**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Summit, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$11,614,324 at the close of the most current fiscal year, as presented in the following table. This is an increase of \$5,448,669 since December 31, 2007 and reflects a commitment on the part of the Village to reduce the long-term liabilities.

This reduction in long-term liabilities occurred during a time of tremendous change in the community. In 2007 the Town of Summit had just completed the installation of the Silver Lake sanitary sewer system. In 2009 the Town of Summit completed boundary agreements with seven of the nine adjacent communities. In 2010 the Town was approved by the State of Wisconsin for incorporation into the Village of Summit – losing over two square miles of developed territory and valuation. In 2012 the Village Board adopted and began to implement a rolling five-year Capital Improvement Plan. In 2013 the Summit Utility District #2 completed a major refinancing for their long-term debt, partially financed by the Village of Summit.

**Village of Summit Net Position**  
December 31, 2016 and December 31, 2015

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current and other assets	\$5,105,092	\$4,818,104	\$ 2,414,094	\$ 2,926,810	\$ 7,519,186	\$ 7,744,914
Net pension asset	—	258,250	—	—	—	258,250
Capital assets	4,998,525	4,895,527	11,704,404	11,849,247	16,702,929	16,744,774
<b>Total assets</b>	<b>\$10,103,617</b>	<b>\$9,971,881</b>	<b>\$14,118,498</b>	<b>\$14,776,057</b>	<b>\$24,222,115</b>	<b>\$24,298,114</b>
<b>Deferred Outflows</b>	<b>\$945,829</b>	<b>\$262,283</b>	<b>—</b>	<b>—</b>	<b>\$945,829</b>	<b>\$262,283</b>
Current and other liabilities	\$599,894	\$569,674	\$ 1,055,035	\$ 1,278,499	\$ 1,654,929	\$ 1,848,172
Net pension liability	169,756	—	—	—	169,756	—
Long-term liabilities	799,013	754,601	7,175,000	7,815,000	7,974,013	8,569,601
<b>Total liabilities</b>	<b>\$1,568,663</b>	<b>\$1,324,275</b>	<b>\$8,230,035</b>	<b>\$9,093,499</b>	<b>\$9,798,698</b>	<b>\$10,417,774</b>
<b>Deferred inflows</b>	<b>\$2,385,604</b>	<b>\$2,011,800</b>	<b>\$1,369,318</b>	<b>\$1,352,032</b>	<b>\$3,754,922</b>	<b>\$3,363,832</b>
Net position:						
Net investment in capital assets	\$4,047,355	\$4,045,910	\$ 3,771,970	\$ 3,020,070	\$ 7,819,325	\$ 7,065,980
Restricted	858,208	910,177	—	—	858,208	910,177
Unrestricted	2,189,616	1,942,102	747,175	1,310,456	2,936,791	3,252,558
<b>Total net position</b>	<b>\$7,095,179</b>	<b>\$6,898,189</b>	<b>\$ 4,519,145</b>	<b>\$ 4,330,526</b>	<b>\$ 11,614,324</b>	<b>\$ 11,228,715</b>

The Village of Summit uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016

**Government-Wide Financial Analysis (continued)**

**C.1. Governmental activities**

Governmental activities increased the Village of Summit's net position by \$196,990, while business-type activities increased net position by \$188,619. Major reasons for this change are noted below:

**Village of Summit's Changes in Net Position**  
For the Years ending December 31, 2016 and December 31, 2015

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 1,325,191	\$ 1,157,703	\$ 799,893	\$ 727,861	\$ 2,125,084	\$ 1,885,564
Operating grants and contributions	295,064	260,748	---	---	295,064	260,748
Capital grants and contributions	---	---	16,852	54,438	16,852	54,438
<b>General Revenues:</b>						
Property taxes - general	1,260,258	1,327,356	364,368	364,460	1,624,626	1,691,816
Property taxes debt service	286,852	174,780	---	---	286,852	174,780
Other taxes	174,257	174,130	---	---	174,257	174,130
Intergovernmental	153,724	144,774	---	---	153,724	144,774
Investment income	10,874	8,410	11,324	2,736	22,198	11,146
Gain (Loss) on retirement of capital assets	10,462	6,744	(96,626)	---	(86,164)	6,744
Miscellaneous	45,910	9,627	---	106	45,910	9,733
<b>Total revenues</b>	<b>3,562,592</b>	<b>3,264,272</b>	<b>1,095,811</b>	<b>1,149,601</b>	<b>4,658,403</b>	<b>4,413,873</b>
<b>Expenses:</b>						
General government	708,372	677,769	---	---	708,372	677,769
Public safety	1,521,775	1,355,438	---	---	1,521,775	1,355,438
Public works	1,043,936	889,110	---	---	1,043,936	889,110
Culture, education and recreation	34,553	24,034	---	---	34,553	24,034
Health and human services	33,397	44,040	---	---	33,397	44,040
Interest and fiscal charges	23,569	18,185	---	---	23,569	18,185
Utility Districts	---	---	907,192	860,346	907,192	860,346
<b>Total expenses</b>	<b>3,365,602</b>	<b>3,008,576</b>	<b>907,192</b>	<b>860,346</b>	<b>4,272,794</b>	<b>3,868,922</b>
Change in net position	196,990	255,696	188,619	289,255	385,609	544,951
<b>Net Position - Jan. 1</b>	<b>6,898,189</b>	<b>6,138,398</b>	<b>4,330,526</b>	<b>4,041,271</b>	<b>11,228,715</b>	<b>10,179,669</b>
<b>Prior Period Adjustment</b>	<b>---</b>	<b>504,095</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>504,095</b>
<b>Net Position - Dec. 31</b>	<b>\$ 7,095,179</b>	<b>\$ 6,898,189</b>	<b>\$ 4,519,145</b>	<b>\$ 4,330,526</b>	<b>\$ 11,614,324</b>	<b>\$ 11,228,715</b>

Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016

**Government-Wide Financial Analysis (continued)**

**C.2. Business-type activities**

Business-type activities continued to improve in 2016 with an increase of \$188,619 in net position.

The Summit Utility District #2 functions to collect and transport sewage to the Del-Hart Treatment Plant in the City of Delafield. The operating revenue for Summit Utility District #2 during the current fiscal year was \$657,367, generated by monthly charges for service. This is an increase of \$121,435 from 2012 and \$196,526 more than collected during 2007. Operating expenses for the current fiscal year increased to \$566,800, \$10,035 more than 2014 and \$43,722 more than 2015. The depreciation of the utility assets continued to affect the District. The District shows gradual improvement in position because of the 2013 refinancing and maintenance of recommended service rates.

The Silver Lake Utility District contracted with the City of Oconomowoc in 2005 for the installation of sanitary sewer through the entire District. This work was completed on January 6, 2006 and the system continues to be operated by the City of Oconomowoc. As such, all operating revenue goes directly for treatment charges. Expenses for the District included administrative costs totaling \$31,351 during the current fiscal year. In November, 2011 the Silver Lake Utility Commission adopted a 10-year Financial Management Plan. The District continues to use this plan for service rate changes. The District completed the 2006 debt service payments during 2016. The Net Position in the Silver Lake Utility District at the end of 2016 totals \$1,644,557.

**D. Financial Analysis of the Government's Funds**

Summit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**D.1. Government funds**

The focus of the Summit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the community's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village of Summit's governmental funds reported combined ending fund balances of \$2,789,479, an increase of \$269,660 in comparison with the prior year and still \$753,375 more than when the Village incorporated in 2010.

Of the \$2,789,479 ending fund balance, approximately 34.9% of this total amount (\$973,610) constitutes *Unassigned monies* available for spending at the government's discretion. The Village Board has \$20,000 for park development and another \$1,200,434 for Facility Improvements. \$111,000 remains in long-term advance receivables representing monies forwarded to the Summit Utility District #2 and Silver Lake Utility District for cash flow and debt service. The remainder of the fund balance is restricted for work the following items: 1) continuing care in the Summit Cemetery (\$290,813), 2) a variety of other parkland acquisition and development uses (\$3,040), 3) Genesee Lakes Utility District (\$33,463), 4) Capital projects (\$35,127), or 5) payments as allowed by Wisconsin Statutes in the Summit Police Department ("Impact Fees" \$85,669).

**Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016**

**Financial Analysis of the Government's Funds (continued)**

**D.2. Proprietary funds**

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

User charge rates for Summit Utility District #2 have been charged since completion of the system in 2002. All of the developed properties in the district were connected and served as of December 31, 2007. The 2004 and 2008 District audits identified on-going concerns over the long-term financing of the District. After incorporation, the Summit Village Board and District Commissioners completed a Financial Management Plan in November, 2011 that extends through 2027. The Commission completed a refinancing of the District's long-term debt in May of 2012. The Commission also adopted an amended Final Special Assessment Resolution on January 3, 2013. The Commission continues to use the 2011 Plan and updates this information on an annual basis. Copies of this Plan are available on the Village's Administrator.

The Silver Lake Utility District completed installation of the sanitary sewer on January 6, 2006. All of the developed properties in the district were connected and served as of December 31, 2011. The District Commissioners completed a financial analysis in the spring of 2006 and refinanced the project into a 10-year general obligation note in September, 2006. This District was also part of the 2011 Financial Management Plan for the Village. Based on this Plan the commission adopted a single increase in the annual tax assessment in November, 2012 to stabilize the long-term funding of this District. In 2016 the Village approved a short-term funds transfer to cover the remaining debt service. The District plans to complete repayment of that transfer by the end of 2017. Copies of this financial management plan are available from the Village Administrator.

**E. Capital Asset and Debt Administration**

**E.1. Capital Assets**

The Village of Summit inherited all of the assets and liabilities of the Town of Summit when the State of Wisconsin approved incorporation on July 29, 2010. This inheritance included all of the Town's prior investment in capital assets for its governmental and business-type activities. As of December 31, 2016, these investments amount to \$16,702,929, a minimal decrease of \$41,845 (net of accumulated depreciation). The governmental-type investment in capital assets includes land, land improvements, buildings, machinery and equipment and street infrastructure. Major capital asset changes during the current fiscal year include the construction of a new restroom in the Summit Village Park, purchase of one police squad and one highway department vehicle, and highway department construction projects. The Village's governmental activities capital assets, net of depreciation, total \$4,998,525; this is \$102,998 more than December 31, 2015.

The business-type investment in capital assets includes land, land improvements, buildings, machinery and equipment, and sanitary sewer infrastructure. The Village's business activities capital assets, net of depreciation, totals \$11,704,404 - this is \$144,843 less than December 31, 2015.

Village of Summit, Waukesha County, Wisconsin  
Management's Discussion and Analysis  
December 31, 2016

**Capital Asset and Debt Administration (continued)**

**Village of Summit - Capital Assets (net of accumulated depreciation)**  
December 31, 2016 and December 31, 2015

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land (not being depreciated)	\$ 1,076,620	\$ 1,076,620	\$ 92,861	\$ 92,861	\$ 1,169,481	\$ 1,169,481
Construction in Progress	45,807	273,948	---	---	45,807	273,948
Buildings	355,071	49,025	1,411,458	1,451,218	1,766,529	1,500,243
Vehicles and Equipment	590,789	580,809	443,623	485,026	1,034,412	1,065,835
Infrastructure	2,930,238	2,915,125	---	---	2,930,238	2,915,125
Sewer system and services	---	---	8,121,444	8,130,623	8,121,444	8,130,623
Investment in City of Oconomowoc treatment plant	---	---	1,635,018	1,689,519	1,635,018	1,689,519
<b>Total</b>	<b>\$ 4,998,525</b>	<b>\$ 4,895,527</b>	<b>\$ 11,704,404</b>	<b>\$ 11,849,247</b>	<b>\$ 16,702,929</b>	<b>\$ 16,744,774</b>

Additional information on the Village's capital assets can be found in Note 3(E).

Additional information on the Village's capital assets for Business-Type Activities can be found in the separate Financial Statements for the Summit Utility District #2 and Silver Lake Utility District, Note 5 of each report.

**E.2. Long-term debt**

At the end of the current fiscal year, the Village of Summit had total debt outstanding of \$8,891,491. Of this amount, \$8,769,751 comprises debt backed by the full faith and credit of the government. The remainder of the Village's governmental activities debt (\$129,703) represents accumulated sick pay benefits for current, full-time police officers. The Village Board voted in November, 2013, to convert to a Paid-Time-Off policy for non-represented employees. This policy change also froze the growth in vested compensated absences for these employees and changed the future hourly benefit into an annual obligation. The Village Board approved a 3-year agreement with the Summit Police Association on November 3, 2015 that did not change the accumulated sick leave policy for existing full-time officers.

The Village's total debt decreased by \$819,174 during the current fiscal year. The decrease in debt results from repayment of Utility District #2, and reduced long-term capital investment borrowing.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village of Summit is \$48,453,080 which is significantly in excess of the Village's outstanding general obligation debt. The Village's current debt includes approximately 18.10% of the overall statutory amount available.

Additional information on the Village of Summit's long-term debt can be found in note 3(F).

**Village of Summit, Waukesha County, Wisconsin**  
**Management's Discussion and Analysis**  
**December 31, 2016**

**F. Economic Factors and Other Budget Notes**

The final budget of the Village's general fund contained revenues of \$2,880,872 and expenditures of \$3,048,874. Actual results for the year show revenues exceeding expenditures by \$179,430, which is \$347,432 better than budgeted.

The Village Assessor reported the current assessed value of the Village at \$941,174,438, a market increase of about \$40 million compared to 2014 values. After the major recession of 2009-2011, the Village finally saw fairly stable property values return in 2015. They have contracted with Grota Appraisals to complete a maintenance-level appraisal for the next three years (2016-18).

The Village of Summit tax rate for 2016 was \$1.6823 per \$1,000 of assessed value (mil rate). The Village will continue to maintain a low property tax without cutting essential services by keeping administrative costs down and controlling unnecessary expenditures. However, while the 2016 budgeted tax levy for Village services increased by only \$25,437 from 2015 (only \$123,623 since incorporation in 2010) the overall expenditures have increased by \$168,634 during this same time. The vast majority of increase in expenses comes from a \$109,331 increase in debt service for the Village. This debt service results from a change in policy by the Village Board to borrow for capital expenditures rather than fund out of the annual levy. If the State of Wisconsin levy limits did not exist in their current format, the Village would be funding the majority of capital projects out of annual taxes.

The Village has a full time Village Clerk, Village Treasurer/Deputy Clerk and Village Administrator. While the Administrator is the Chief Financial Officer of the Village and is required to monitor revenues and control expenses to prevent exceeding the various departments' expenditures established by the budget, the Clerk insures proper capital funding for the future and that the Village's capital investments are protected and future maintenance and replacement cost are minimized.

As part of the 2011 financial planning the Village Board and staff developed a 5-year Capital Improvement Plan. During 2015 the Board and staff updated this Plan for 2016 - 2020, including possible expenditures for utility district sewer repairs, park improvements, road repairs and upgrades, vehicle and equipment replacement. The Village Board used this tool as part of the 2017 budgeting process to determine both funding sources and expenditures. The Village's 2017 adopted budget was approved November 3, 2016 following a public hearing that same evening.

During 2017 the Village intends to construct new administrative and public works facilities. These projects will be built on property to be purchased by the Village. The overall project costs of approximately \$7 million will be funded by \$1,220,000 in Facility Improvement Fund monies and \$85,000 in Police "Impact Fee" monies currently in the Village, and long-term capital debt financed by the Wisconsin Local Government Investment Program.

**G. Requests for Information**

This financial report is designed to provide a general overview of the Village of Summit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Henry Elling  
Village Administrator  
2911 North Dousman Road  
Oconomowoc, Wisconsin 53066

(262) 567-2757  
admin@summitvillage.org

**VILLAGE OF SUMMIT**

Summit, Wisconsin

**Statement of Net Position**

December 31, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>Assets:</b>			
Cash and investments	\$ 3,710,216	\$ 198,281	\$ 3,908,497
Taxes receivable	1,176,467	466,326	1,642,793
Accounts receivable	65,672	180,703	246,375
Internal balances	116,914	(116,914)	---
Prepaid expenses	35,823	---	35,823
Special assessments receivable	---	1,622,752	1,622,752
<b>Restricted Assets:</b>			
Connection charges receivable	---	62,946	62,946
<b>Capital Assets:</b>			
Land and construction in progress	1,122,427	92,861	1,215,288
Other capital assets, net of accumulated depreciation	3,876,098	11,611,543	15,487,641
<b>Total assets</b>	<b>10,103,617</b>	<b>14,118,498</b>	<b>24,222,115</b>
<b>Deferred Outflows of Resources:</b>			
Deferred outflows related to pensions	945,829	---	945,829
<b>Liabilities:</b>			
Accounts payable	240,512	208,362	448,874
Accrued wages and benefits	55,974	---	55,974
Accrued interest	17,967	26,293	44,260
<b>Liabilities payable from restricted assets:</b>			
Connection charges payable	---	62,946	62,946
Net pension liability	169,756	---	169,756
Accrued compensated absences	129,703	---	129,703
Bonds and notes - due within one year	280,861	640,000	920,861
Waukesha County note - due within one year	4,580	---	4,580
Bonds and notes - due in more than one year	650,440	7,175,000	7,825,440
Waukesha County note - due in more than one year	18,870	---	18,870
Unamortized debt premium	---	117,434	117,434
<b>Total liabilities</b>	<b>1,568,663</b>	<b>8,230,035</b>	<b>9,798,698</b>
<b>Deferred Inflows of Resources:</b>			
Special assessment revenue	---	1,019,855	1,019,855
Deferred inflows related to pensions	366,477	---	366,477
Tax roll revenue	2,019,127	349,463	2,368,590
<b>Total deferred inflows of resources</b>	<b>2,385,604</b>	<b>1,369,318</b>	<b>3,754,922</b>
<b>Net Position:</b>			
Net investment in capital assets	4,047,355	3,771,970	7,819,325
<b>Restricted for:</b>			
Other	448,612	---	448,612
WRS pension	409,596	---	409,596
Unrestricted	2,189,616	747,175	2,936,791
<b>Total net position</b>	<b>\$ 7,095,179</b>	<b>\$ 4,519,145</b>	<b>\$ 11,614,324</b>

The accompanying notes to financial statements  
are an integral part of these statements.

VILLAGE OF SUMMIT  
Summit, Wisconsin

Statement of Activities

For the Year Ended December 31, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 708,372	\$ 117,870	\$ 35,983	\$ ---	\$ (554,519)	\$ ---	\$ (554,519)
Public safety	1,521,775	675,081	39,906	---	(806,788)	---	(806,788)
Public works	1,043,936	434,816	219,175	---	(389,945)	---	(389,945)
Health and human services	33,397	36,325	---	---	2,928	---	2,928
Culture, education and recreation	34,553	61,099	---	---	26,546	---	26,546
Interest and fiscal charges	23,569	---	---	---	(23,569)	---	(23,569)
Total governmental activities	3,365,602	1,325,191	295,064	---	(1,745,347)	---	(1,745,347)
Business-type:							
Silver Lake Utility District	187,373	142,526	---	16,852	---	(27,995)	(27,995)
Summit Utility District No. 2	719,819	657,367	---	---	---	(62,452)	(62,452)
Total business-type activities	907,192	799,893	---	16,852	---	(90,447)	(90,447)
Total Primary Government	\$ 4,272,794	\$ 2,125,084	\$ 295,064	\$ 16,852	(1,745,347)	(90,447)	(1,835,794)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,260,258	364,368	1,624,626
Property taxes, levied for debt service					286,852	---	286,852
Other taxes					174,257	---	174,257
Intergovernmental revenues not restricted to specific programs					153,724	---	153,724
Interest income					10,874	11,324	22,198
Gain (loss) on retirement of capital assets					10,462	(96,626)	(86,164)
Proceeds from sale of non-capital assets					17,224	---	17,224
Miscellaneous					20,871	---	20,871
Special item - dissolution of Summit Fire District					7,815	---	7,815
Total General Revenues					1,942,337	279,066	2,221,403
Change in net position					196,990	188,619	385,609
Net position - beginning					6,898,189	4,330,526	11,228,715
Net position - ending					\$ 7,095,179	\$ 4,519,145	\$ 11,614,324

The accompanying notes to financial statements  
are an integral part of these statements.

**VILLAGE OF SUMMIT**

Summit, Wisconsin

**Balance Sheet  
Governmental Funds**

December 31, 2016

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and investments	\$ 3,040,750	\$ 35,127	\$ 634,339	\$ 3,710,216
Receivables				
Taxes	976,720	---	199,747	1,176,467
Accounts	65,672	---	---	65,672
Due from other funds	132,407	---	33,463	165,870
Prepaid expenses	35,823	---	---	35,823
Advance to Utility Districts	111,000	---	---	111,000
<b>Total assets</b>	<u>4,362,372</u>	<u>35,127</u>	<u>867,549</u>	<u>5,265,048</u>
<b>Liabilities:</b>				
Accounts payable	240,512	---	---	240,512
Accrued wages and benefits	55,974	---	---	55,974
Due to other funds	33,463	---	126,493	159,956
<b>Total liabilities</b>	<u>329,949</u>	<u>---</u>	<u>126,493</u>	<u>456,442</u>
<b>Deferred Inflows of Resources:</b>				
Tax roll revenue	1,690,716	---	328,411	2,019,127
<b>Fund Balances (Deficit):</b>				
Nonspendable	146,823	---	---	146,823
Restricted	500	35,127	412,985	448,612
Committed	1,220,434	---	---	1,220,434
Unassigned	973,950	---	(340)	973,610
<b>Total fund balance</b>	<u>\$ 2,341,707</u>	<u>\$ 35,127</u>	<u>\$ 412,645</u>	<u>\$ 2,789,479</u>

The accompanying notes to financial statements  
are an integral part of these statements.



VILLAGE OF SUMMIT

Summit, Wisconsin

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position

December 31, 2016

Total fund balance of governmental funds		\$	2,789,479
Amounts reported for governmental activities in the government-wide statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.			
Land and construction in progress	\$	1,122,427	
Other capital assets net of accumulated depreciation		<u>3,876,098</u>	
			4,998,525
The Village's proportionate share of the net pension liability at the WRS is reported on the statement of net position, but is not reported in the governmental funds.			
			(169,756)
Deferred outflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the governmental funds.			
			945,829
Deferred inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the governmental funds.			
			(366,477)
The following long-term liabilities which are not due and payable in the current period are not reported in the fund financial statements.			
Bonds and notes payable		(954,751)	
Compensated absences payable - sick pay		(129,703)	
Accrued interest payable on long-term bonds and notes		<u>(17,967)</u>	
			<u>(1,102,421)</u>
Total net position of governmental activities	\$		<u>7,095,179</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

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

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 1,409,940	\$ ---	\$ 311,426	\$ 1,721,366
Operating grants and contributions:				
Intergovernmental	444,361	---	---	444,361
Other	4,426	---	---	4,426
Licenses and permits	271,089	---	---	271,089
Fines, forfeitures and penalties	81,233	---	---	81,233
Public charges for services	485,329	---	43,702	529,031
Intergovernmental charges for services	443,839	---	---	443,839
Interest income	6,016	---	4,858	10,874
Other revenues	20,875	---	---	20,875
<b>Total revenues</b>	<u>3,167,108</u>	<u>---</u>	<u>359,986</u>	<u>3,527,094</u>
<b>Expenditures:</b>				
Current:				
General government	678,894	---	---	678,894
Public safety	1,376,016	---	---	1,376,016
Public works	877,014	---	20,605	897,619
Health and human services	30,646	---	1,995	32,641
Culture, recreation and education	25,108	---	---	25,108
Capital outlay	---	321,419	2,200	323,619
Debt service:				
Principal	---	---	270,655	270,655
Interest and fiscal charges	---	---	20,777	20,777
<b>Total expenditures</b>	<u>2,987,678</u>	<u>321,419</u>	<u>316,232</u>	<u>3,625,329</u>
<b>Excess (deficit) of revenues over (under) expenditures</b>	179,430	(321,419)	43,754	(98,235)
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	---	325,000	---	325,000
Proceeds from sale of capital assets	17,856	---	---	17,856
Proceeds from sale of non-capital assets	17,224	---	---	17,224
Transfers in	4,800	---	4,580	9,380
Transfers out	(4,580)	---	(4,800)	(9,380)
<b>Total other financing sources (uses)</b>	<u>35,300</u>	<u>325,000</u>	<u>(220)</u>	<u>360,080</u>
<b>Special Item:</b>				
Dissolution of Summit Fire District	7,815	---	---	7,815
<b>Net change in fund balance</b>	222,545	3,581	43,534	269,660
<b>Fund Balance, beginning of year</b>	<u>2,119,162</u>	<u>31,546</u>	<u>369,111</u>	<u>2,519,819</u>
<b>Fund Balance, end of year</b>	<u>\$ 2,341,707</u>	<u>\$ 35,127</u>	<u>\$ 412,645</u>	<u>\$ 2,789,479</u>

The accompanying notes to financial statements  
are an integral part of these statements.

VILLAGE OF SUMMIT

Summit, Wisconsin

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

Net change in fund balances - total governmental funds \$ 269,660

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the government-wide statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation.

Capital outlay	\$ 323,619	
Depreciation expense	(213,228)	
		110,391

In the statement of activities, the net gain or loss on the sale or retirement of capital assets is reported. However, in the governmental funds, only the proceeds from the sale of capital assets provides a current financial resource to be reported. Therefore, the change in fund balance differs from the change in net assets by the cost of the assets sold or retired net of the accumulated depreciation on those assets.

(7,393)

Governmental funds report proceeds from the issuance of long-term debt as other financing sources, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net position.

Proceeds from the issuance of debt	(325,000)
Principal payments on debt	270,655

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Pension Expense	(197,995)	
Village pension contributions	98,911	
		(99,084)

Interest on long-term debt in the governmental funds is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest costs are reported as they accrue, regardless of when they are due.

(2,795)

Certain expenses do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. These expenses are accrued in the government-wide statement of net assets and reported as expenses in the statement of activities.

Accrued compensated absences	(19,444)
------------------------------	----------

Net change in net position \$ 196,990

The accompanying notes to financial statements  
are an integral part of these statements.

VILLAGE OF SUMMIT  
Summit, Wisconsin

Statement of Net Position  
Proprietary Funds  
December 31, 2016

	Business-Type Activities - Enterprise Funds		
	Summit Utility District No. 2	Silver Lake Utility District	Total
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and investments	\$ 133,254	\$ 65,027	\$ 198,281
Receivables:			
Customer	155,299	25,404	180,703
Taxes	314,463	35,000	349,463
Special charges on the tax roll	109,330	7,533	116,863
<b>Total current assets</b>	<u>712,346</u>	<u>132,964</u>	<u>845,310</u>
<b>Non-Current Assets:</b>			
Special assessments receivable	1,300,912	321,840	1,622,752
Restricted assets:			
Connection charges receivable	---	62,946	62,946
Capital assets:			
Land	92,861	---	92,861
Capital assets being depreciated	13,409,983	2,180,025	15,590,008
Accumulated depreciation and amortization	(3,433,458)	(545,007)	(3,978,465)
<b>Total non-current assets</b>	<u>11,370,298</u>	<u>2,019,804</u>	<u>13,390,102</u>
<b>Total assets</b>	<u>12,082,644</u>	<u>2,152,768</u>	<u>14,235,412</u>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable	46,261	10,236	56,497
Accrued interest	26,293	---	26,293
Due to Village	3,725	2,189	5,914
Liabilities payable from restricted assets:			
Connection charges payable	---	62,946	62,946
Current portion of advance from Village	---	76,000	76,000
Current portion of general obligation debt	640,000	---	640,000
<b>Total current liabilities</b>	<u>716,279</u>	<u>151,371</u>	<u>867,650</u>
<b>Non-Current Liabilities:</b>			
General obligation debt	7,175,000	---	7,175,000
Unamortized debt premium	117,434	---	117,434
Advance from Village	35,000	---	35,000
Due to other utilities	151,865	---	151,865
<b>Total non-current liabilities</b>	<u>7,479,299</u>	<u>---</u>	<u>7,479,299</u>
<b>Total liabilities</b>	<u>8,195,578</u>	<u>151,371</u>	<u>8,346,949</u>
<b>Deferred inflows of resources:</b>			
Special assessment revenue	698,015	321,840	1,019,855
Tax roll revenue	314,463	35,000	349,463
<b>Total deferred inflows of resources</b>	<u>1,012,478</u>	<u>356,840</u>	<u>1,369,318</u>
<b>Net Position:</b>			
Net investment in capital assets	2,136,952	1,635,018	3,771,970
Unrestricted	737,636	9,539	747,175
<b>Total net position</b>	<u>\$ 2,874,588</u>	<u>\$ 1,644,557</u>	<u>\$ 4,519,145</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
Year Ended December 31, 2016

	<b>Business-Type Activities - Enterprise Funds</b>		
	<b>Summit Utility District No. 2</b>	<b>Silver Lake Utility District</b>	<b>Total</b>
<b>Operating Revenues</b>	\$ 657,367	\$ 142,526	\$ 799,893
<b>Operating Expenses:</b>			
Operation and maintenance	228,535	98,907	327,442
Administrative and general	98,474	31,351	129,825
Depreciation	239,791	---	239,791
Amortization	---	54,501	54,501
<b>Total operating expenses</b>	<u>566,800</u>	<u>184,759</u>	<u>751,559</u>
<b>Net Operating Income (Loss)</b>	90,567	(42,233)	48,334
<b>Non-Operating Revenues (Expenses):</b>			
Taxes	314,368	50,000	364,368
Interest income	1,811	355	2,166
Interest on special assessments	9,158	---	9,158
Interest expense	(153,019)	(2,614)	(155,633)
Loss on disposal of assets	(96,626)	---	(96,626)
<b>Net non-operating revenues</b>	<u>75,692</u>	<u>47,741</u>	<u>123,433</u>
<b>Net Income before Contributions</b>	166,259	5,508	171,767
<b>Capital Contributions</b>	<u>---</u>	<u>16,852</u>	<u>16,852</u>
<b>Change in Net Position</b>	166,259	22,360	188,619
<b>Net Position - Beginning of year</b>	<u>2,708,329</u>	<u>1,622,197</u>	<u>4,330,526</u>
<b>Net Position - End of year</b>	<u>\$ 2,874,588</u>	<u>\$ 1,644,557</u>	<u>\$ 4,519,145</u>

The accompanying notes to financial statements  
are an integral part of these statements.

VILLAGE OF SUMMIT  
Summit, Wisconsin

Statement of Cash Flows - Proprietary Funds  
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds		
	Summit Utility District No. 2	Silver Lake Utility District	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 644,703	\$ 142,877	\$ 787,580
Payments to suppliers	(294,999)	(125,011)	(420,010)
Internal activity - receipts from other funds	55	32	87
Net cash provided by operating activities	349,759	17,898	367,657
<b>Cash Flows From Noncapital Financing Activities:</b>			
Taxes received	314,368	50,000	364,368
Advance received from Village	—	110,000	110,000
Payments on advance from Village	—	(34,000)	(34,000)
Net cash provided by noncapital financing activities	314,368	126,000	440,368
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Additions to plant in service	(314,179)	—	(314,179)
Special assessments received	85,429	90,378	175,807
Debt retired	(625,000)	(260,000)	(885,000)
Interest paid	(167,378)	(5,200)	(172,578)
Proceeds on disposal of assets	68,104	—	68,104
Net cash used by capital and related financing activities	(953,024)	(174,822)	(1,127,846)
<b>Cash Flows From Investing Activities:</b>			
Investment earnings	10,969	355	11,324
Net cash provided by investing activities	10,969	355	11,324
Net change in cash and equivalents	(277,928)	(30,569)	(308,497)
Cash and equivalents, beginning of year	411,182	95,596	506,778
Cash and equivalents, end of year	\$ 133,254	\$ 65,027	\$ 198,281
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>			
Net Operating Income (Loss)	\$ 90,567	\$ (42,233)	\$ 48,334
<b>Noncash items in operating income (loss):</b>			
Depreciation	239,791	—	239,791
Amortization	—	54,501	54,501
<b>Changes in assets and liabilities:</b>			
Customer accounts receivable	(12,664)	351	(12,313)
Accounts payable	32,010	5,247	37,257
Due from Village	55	32	87
Net cash flows provided by operating activities	\$ 349,759	\$ 17,898	\$ 367,657
<b>Reconciliation of Cash and Equivalents to the Statement of Net Position Accounts:</b>			
Cash and investments - current	\$ 133,254	\$ 65,027	\$ 198,281

The accompanying notes to financial statements  
are an integral part of these statements.

**VILLAGE OF SUMMIT**

Summit, Wisconsin

**Statement of Net Position - Fiduciary (Agency) Fund**

December 31, 2016

		<b>Tax Roll</b>
		<b>Fund</b>
<b>Assets:</b>		
Cash and investments	\$	5,632,091
Taxes receivable		<u>7,667,956</u>
<b>Total assets</b>	\$	<u><u>13,300,047</u></u>
<b>Liabilities:</b>		
Due to other governmental units	\$	<u><u>13,300,047</u></u>

The accompanying notes to financial statements  
are an integral part of these statements.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies**

The accounting policies of the Village of Summit, Wisconsin conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board ("GASB").

**A. Financial Reporting Entity**

This report includes all of the funds of the Village of Summit ("Village"). The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the Village's operations and are reported with similar funds of the primary government. This report does not contain any component units.

The Village has included in its financial statements the following entities, which are not considered separate entities with corporate powers:

Community Development Authority

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

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



**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**B. Government-Wide and Fund Financial Statements (continued)**

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

**Fund Financial Statements**

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

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 funds:

**Major Governmental Fund**

- General Fund – The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial transactions except those legally or administratively required to be accounted for in another fund.
- Capital Projects Fund – This fund accounts for the acquisition or construction of capital assets that are financed with general obligation debt.

**Major Enterprise Funds**

- Silver Lake Utility District Fund – This Fund accounts for operations of the sanitary sewer system.
- Summit Utility District No. 2 Fund – This Fund accounts for operations of the sanitary sewer system.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**B. Government-Wide and Fund Financial Statements (continued)**

**Fund Financial Statements (continued)**

The Village reports the following non-major funds:

- Debt Service Fund – accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).
- Special Revenue Funds – are used to account for revenues requiring separate accounting because of legal or regulatory provisions, and consist of the following individual funds:

Land Acquisition and Public Improvements Fund  
Impact Fees Funds  
Genesee Lakes Utility District Fund  
Summit Utility District #3 Fund

- Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Cemetery Fund

In addition, the Village reports the following fund types:

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

Tax Roll Fund

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

**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with the expendable available financial resources.

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

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to meeting eligibility requirements are recorded as unearned revenue.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows of resources. Delinquent special assessments being held by the county are reported as receivable and deferred inflows of resources.

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

The Village reports deferred inflows of resources on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred inflows of resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred inflows of resources is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds allow the accrual basis of accounting, and do not have a measurement focus.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

**Fund Financial Statements (continued)**

The proprietary funds distinguish operating revenues and expenses from 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 proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**All Financial Statements**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**D. Assets, Liabilities, and Net Position or Fund Balance**

**Cash and Investments**

For the purpose of the statement of net position and for the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment in Village funds is restricted by Wisconsin state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority
- Bonds or securities issued or guaranteed by the federal government
- The Local Government Investment Pool
- Any security maturing in seven years or less and having the highest or second highest rating category of nationally recognized rating agency
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options
- Repurchase agreements with public depositories, with certain conditions

The Village has adopted an investment policy. That policy follows the state statute for allowable investments.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Position or Fund Balance (continued)**

**Cash and Investments (continued)**

The Village may deposit funds in authorized banks, the Wisconsin Local Government Investment Pool and Wisconsin Investment Trust without restriction of amounts. The Village may deposit funds in savings and loan associations and credit unions up to \$500,000. Deposits in authorized banks may be limited to \$500,000 upon the determination of the Investment Officer of the Village that circumstances exist regarding the viability of the bank.

The Village's investment policy does not address other types of risks.

The Village has adopted GASB Statement No. 72, *Fair Value Measurement and Application*; investments are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period.

As disclosed in Footnote 3A, the Village categorizes the fair value measurements of its investments based on the hierarchy established by U.S. GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at December 31, 2016.

*Local Government Investment Pool:* As part of the State Investment Fund ("SIF"), quoted market prices are often not available at month end, and therefore, a third party pricing service uses a matrix pricing model to estimate the fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Village believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned or to which the Village is otherwise entitled and has not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Management has determined that no allowance is necessary at December 31, 2016. Major receivable balances for the governmental activities include taxes, building permit fees, and police fines.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as intergovernmental grants and aids and other similar revenues since they are usually both measurable and available. Receivables collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Receivables (continued)**

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other taxing units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

**Property Tax Calendar – 2016 Tax Roll:**

Lien and levy date	December 2016
Tax bills mailed	December 2016
Payment in full, or	January 31, 2017
First installment due	January 31, 2017
Second installment due	July 31, 2017
Personal property taxes due in full	January 31, 2017
Tax sale by County - 2016 delinquent real estate taxes	October 2019

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the enterprise funds because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

**Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Capital Assets**

**Government-Wide Statements**

Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$5,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical costs if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the Village to retroactively report all major general infrastructure assets. The Village has not retroactively reported all infrastructure acquired by its governmental fund types prior to implementation of GASB 34.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Machinery and Equipment	5 - 25 years
Infrastructure	50 - 65 years
Utility System	33 - 80 years
Investment in City of Oconomowoc treatment plant	40 years

**Fund Financial Statements**

In the fund financial statements, capital assets acquired in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund. Fixed assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

## **VILLAGE OF SUMMIT**

Summit, Wisconsin

### **Notes to Financial Statements**

December 31, 2016

#### **1. Summary of Significant Accounting Policies (continued)**

##### **D. Assets, Liabilities, and Net Position or Fund Balance (continued)**

###### **Compensated Absences**

The Village does not accrue vacation, paid time off, or sick leave, but rather expenses these costs as paid. Paid time off is not cumulative from year to year for highway and office employees, but at the end of each calendar year, the Village will contribute up to 40 hours of unused paid time off to employees' 401(a) account. Accumulated sick leave benefits up to a maximum of 120 days are payable upon retirement for police employees. There are no provisions for payment of accumulated sick leave benefits if employment is terminated prior to retirement. Accumulated benefits are recorded as expenditures in the fund statements in the year used. Due to the long-term nature of the accumulated sick leave benefits, the governmental fund statements do not report this liability. The accumulated paid time off is recorded as long-term debt in the government-wide financial statements.

###### **Long-term Obligations and Conduit Debt**

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the debt and premiums on issuance are reported as other financing sources. Discounts on issuance are reported as other financing uses. Payments of principal and interest, losses on debt refundings, as well as costs of issuance are reported as expenditures.

For the government-wide statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable is shown as an increase or decrease in the deferred outflows of resources or deferred inflows of resources section of the statement of net position. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

The Village, under the authority of the Community Development Authority, has permitted the issuance of Redevelopment Revenue Bonds ("RRB") for a privately-owned company within the Village limits. The Village has no obligation for the RRBs in the event of default by the borrowers. Accordingly, no liability for the bonds is included in the Village's financial statements. The aggregate amount of these conduit obligations outstanding as of December 31, 2016 was \$12,600,000.

###### **Claims and Judgments**

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



**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Net Position Classifications**

**Government-Wide Statements**

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

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

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

**Fund Balance Classifications**

**Fund Statements**

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village's fund balance classification policies and procedures are as follows:

- a. **Nonspendable** – Amounts that cannot be spent because they are either not in spendable form (i.e. convertible into cash) or legally required to be maintained intact.
- b. **Restricted** – Either externally imposed or imposed by law through constitutional provisions or enabling legislation.
- c. **Committed** – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's Board of Trustees.
- d. **Assigned** – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. **Unassigned** – The residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Fund Balance Classifications (continued)**

**Fund Statements (continued)**

Currently, the Village does not have an official policy regarding the fund balance classifications. Amounts noted as committed relate to constraints previously approved by the Board of Trustees as designated funds in prior years. Amounts noted as assigned relate to constraints currently and previously approved by either the Village Administrator or designated department heads.

The Village applies resources in the following order when expense is incurred for purposes for which multiple fund balances are available: restricted, committed, assigned, unassigned.

The Village's current fund balance policy is to maintain a minimum unassigned fund balance of 15% of total General Fund budgeted revenues.

Proprietary fund equity is classified in the same manner as in the Government-wide statements.

**E. Deferred Outflows and Inflows of Resources**

In accordance with GASB, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources.

The separate financial statement elements, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pension.

The separate financial statement element, deferred inflows of resources, represents an increase in net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows of resources related to property taxes, pension and special assessment revenue.

**F. Pension**

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

The WRS adopted GASB Statement No. 82, Pension Issues, an amendment of GASB No. 67, No. 68 and No. 73 during the year ended December 31, 2015. Statement No. 82 addressed the presentation of payroll-related measures in the Required Supplementary Information, the selection of assumptions used in determining the total pension liability and related measures, and the classification of employer-paid member contributions. The adjustment to the beginning balances was not significant to the Village and therefore no prior period adjustment was made.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**1. Summary of Significant Accounting Policies (continued)**

**G. Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (June 14, 2017).

Subsequent to year end, the Village Board approved a loan with the Board of Commissioners of Public Lands in the amount of \$6,000,000 for the purpose of constructing municipal buildings. See Note 3.F for additional information.

Subsequent to year end, the Village approved an intergovernmental agreement with the Town of Ashippun, the Town of Concord, the Village of Dousman, the Village of Lac La Belle, the City of Oconomowoc, the Town of Oconomowoc, the Town of Ottawa, the Town of Sullivan and the Village of Sullivan to form the Western Lakes Fire District for the purpose of providing fire and rescue services.

Subsequent to year end, the Village purchased a vacant parcel of land to be used as the site of a new Village Hall, Public works building and salt storage shed. See Note 3.E for additional information.

Subsequent to year end, the Village approved a number of contracts with various vendors for construction of the new Village Hall and Police Department, Public Works building and salt storage shed. The total of these contracts was approximately \$3,960,000.

**2. Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At December 31, 2016, the following fund had a deficit fund balance:

<u>Fund</u>	<u>Amount</u>
Summit Utility District #3	\$ 340

The deficit will be financed through tax levies in future periods.

**3. Detail Notes on Transaction Classes and Accounts**

**A. Cash and Investments**

Cash and equivalents and investments as shown on the Village's statement of net position are subject to the following risks:

	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
<b>Custodial Risk:</b>			
Demand deposits	\$ 7,904,510	\$ —	\$ 7,904,510
<b>Custodial and Interest Risk:</b>			
Certificate of deposit	---	382,218	382,218
Local Government Investment Pool (LGIP)	---	1,253,860	1,253,860
<b>Total</b>	<u>\$ 7,904,510</u>	<u>\$ 1,636,078</u>	<u>\$ 9,540,588</u>

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**A. Cash and Investments (continued)**

The Village's cash and equivalents and investments are reported in the financial statements as follows:

**Reconciliation to Financial Statements:**

**Cash and equivalents:**

**Per Statement of Net Position:**

Cash and investments

\$ 3,908,497

**Per Statement of Net Position – Fiduciary (Agency) Fund:**

Cash and investments

5,632,091

**Total cash and investments**

\$ 9,540,588

Deposits in local and area banks are insured by the FDIC in the amount of \$250,000. Deposits in each local and area bank and in the Wisconsin Local Government Investment Pool ("LGIP") are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total coverage and other legal implications, recovery of material principal losses may be significant to individual governmental entities. Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, SDGF insurance, and income on the investment during the calendar quarter a loss occurs.

The LGIP does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the SIF and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At December 31, 2016, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Participants in LGIP have the right to withdraw their funds in total on one day's notice. The LGIP does not include any involuntary participants.

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from <http://www.doa.state.wi.us/Divisions/Budget-and-finance/LGIP>.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

**Custodial Risk:** Is the risk that, in the event of a financial institution failure, the Village's deposits and value of investments may not be returned to the Village. As of December 31, 2016, the custodial balance of the Village's cash and investments was \$9,577,748, which was fully insured or collateralized by pledged securities. The amount of \$7,907,531 was collateralized with securities held by the pledging financial institution, but not in the Village's name. See note 1D for the Village's policy related to custodial risk.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**A. Cash and Investments (continued)**

**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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Village's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes. Information regarding the exposure of the Village's investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1-5 Years
LGIP	\$ 1,253,860	\$ 1,253,860	\$ ---
Certificates of deposit	382,218	124,524	257,694
<b>Total</b>	<b>\$ 1,636,078</b>	<b>\$ 1,378,384</b>	<b>\$ 257,694</b>

**Credit Risk:** Generally, credit risk is the risk that an issuer of a type of investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Village's investment policy minimized credit risk by limiting investments to the safest type of securities.

The Village categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Village does not have any investments that are measured using Level 3 inputs. Investments' fair value measurements are as follows at December 31, 2016:

	Fair Value				
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Exempt</u>
LGIP	\$ 1,253,860	\$ ---	\$ 1,253,860	\$ ---	\$ ---
Certificate of Deposit	382,218	---	---	---	382,218
<b>Total</b>	<b>\$ 1,636,078</b>	<b>\$ ---</b>	<b>\$ 1,253,860</b>	<b>\$ ---</b>	<b>\$ 382,218</b>

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**B. Receivables**

All of the receivables on the balance sheet are expected to be collected within one year.

Government funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not available and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the government activities were as follows:

	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 2,019,127
Deferred inflows related to pensions	<u>366,477</u>
<b>Total deferred inflows for governmental funds</b>	<b>\$ <u>2,385,604</u></b>

At the end of the current fiscal year, the various components of deferred inflows in the business-type activities relating to unavailable funds were as follows:

	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 349,463
Deferred special assessments	<u>1,019,855</u>
<b>Total deferred inflows for proprietary funds</b>	<b>\$ <u>1,369,318</u></b>

**C. Restricted Assets**

The following is a list of restricted assets at December 31, 2016:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Connection charges receivable	\$ <u>—</u>	\$ <u>62,946</u>

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**D. Interfund Balances and Transfers**

**Internal Balances (Due to (from) other funds)**

Balances due to and from other funds include interfund accounts receivable or payable for goods or services received or provided. Interfund balances are the result of timing differences and are settled on a monthly basis.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 126,153
General Fund	Summit Utility District No. 2	3,725
General Fund	Summit Utility District No. 3	340
General Fund	Silver Lake Utility District	2,189
Genesee Lakes Utility District	General Fund	33,463

All amounts are due within one year. The principal purpose of these interfund balances is the allocation of commingled cash and investment balances. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances to other funds consist of the following at December 31, 2016:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Summit Utility District No. 2	\$ 35,000
General Fund	Silver Lake Utility District	76,000

In a prior year, an advance was made to Summit Utility District No. 2 in order to maintain a positive cash flow. The advance is interest-free and is to be repaid no later than December 31, 2029.

During 2016 an advance of \$110,000 was made to Silver Lake Utility District in order to complete payment on long-term debt. During 2016, the District repaid \$34,000 to the Village. As of December 31, 2016, \$76,000 is owed to the Village. No interest is charged on the advance. The District is required to pay back the total advanced funds plus \$9,000 by December 31, 2017.

For the statement of net position, interfund balances that are owed within the governmental activities or business-type activities are netted and eliminated.

**Transfers**

Transfers between governmental funds are summarized as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Cemetery Fund	\$ 4,800
Debt Service Fund	General Fund	4,580

Transfers from the cemetery fund to the general fund were made to transfer investment income. Transfers from the general fund to the debt service fund were to fund current principal and interest payments.

# VILLAGE OF SUMMIT

Summit, Wisconsin

## Notes to Financial Statements

December 31, 2016

### 3. Detail Notes on Transaction Classes and Accounts (continued)

#### E. Capital Assets

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

##### Governmental Activities

	Balance January 1, 2016	Additions	Transfers	Disposals	Balance December 31, 2016
<b>Nondepreciable capital assets:</b>					
Land	\$ 1,076,620	\$ ---	\$ ---	\$ ---	\$ 1,076,620
Construction in progress	273,948	86,768	(314,909)	---	45,807
<b>Total nondepreciable capital assets</b>	1,350,568	86,768	(314,909)	---	1,122,427
<b>Depreciable capital assets:</b>					
Vehicles and Equipment	1,215,968	146,957	---	(53,004)	1,309,921
Buildings and Improvement	415,372	---	314,909	---	730,281
Infrastructure	3,277,952	89,894	---	---	3,367,846
<b>Total depreciable capital assets</b>	4,909,292	236,851	---	(53,004)	5,408,048
<b>Less accumulated depreciation:</b>					
Vehicles and Equipment	635,159	129,584	---	(45,611)	719,132
Buildings and Improvement	366,347	8,863	---	---	375,210
Infrastructure	362,827	74,781	---	---	437,608
<b>Total accumulated depreciation</b>	1,364,333	213,228	---	(45,611)	1,531,950
<b>Net depreciable capital assets</b>	3,544,959	23,623	314,909	(7,393)	3,876,098
<b>Net total capital assets</b>	\$ 4,895,527	\$ 110,391	\$ ---	\$ (7,393)	\$ 4,998,525

During December 2016, the Village submitted an offer to purchase a vacant parcel of land at the NW corner of Dousman Road and Delafield Road for \$517,638 to be used for the site of a new Village Hall and police station, public works building and salt storage shed. The offer was accepted and closing took place May 5, 2017.

Depreciation was charged to governmental functions as follow:

General government	\$ 13,864
Public safety	53,890
Public works	136,910
Culture and recreation	8,764
<b>Total depreciation</b>	<u>\$ 213,228</u>



**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**Business-type Activities**

	Balance January 1, 2016	Addition	Disposals	Balance December 31, 2016
<b>Nondepreciable capital assets:</b>				
Land	\$ 92,861	\$ ---	\$ ---	\$ 92,861
<b>Total nondepreciable capital assets</b>	92,861	---	---	92,861
<b>Depreciable capital assets:</b>				
Buildings	1,987,978	---	---	1,987,978
Sewer system and services	10,260,674	314,179	(195,149)	10,379,704
Equipment	1,042,301	---	---	1,042,301
Investment in City of Oconomowoc treatment plant	2,180,025	---	---	2,180,025
<b>Total depreciable capital assets</b>	15,470,978	314,179	(195,149)	15,590,008
Accumulated depreciation/amortization	(3,714,592)	(294,292)	30,419	(3,978,465)
<b>Net depreciable capital assets</b>	11,756,386	19,887	(164,730)	11,611,543
<b>Net total capital assets</b>	\$ 11,849,247	\$ 19,887	\$ (164,730)	\$ 11,704,404

Depreciation/amortization was charged to business-type activities as follows:

<b>Business-type Activities</b>	
Summit Utility District No. 2	\$ 239,791
Silver Lake Utility District	54,501
<b>Total depreciation/amortization</b>	\$ 294,292

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**F. Long-Term Obligations**

Long-term obligations activity for the year ended December 31, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	\$ 900,406	\$ 325,000	\$ (270,655)	\$ 954,751	\$ 285,441
<b>Other liabilities:</b>					
Vested compensated absences	110,259	26,756	(7,312)	129,703	---
<b>Total long-term obligations</b>	<u>\$ 1,010,665</u>	<u>\$ 343,793</u>	<u>\$ (277,967)</u>	<u>\$ 1,076,491</u>	<u>\$ 285,442</u>
<b>Business-type Activities:</b>					
<b>Long-term debt:</b>					
General obligation debt	\$ 8,700,000	\$ ---	\$ (885,000)	\$ 7,815,000	\$ 640,000

**General Obligation Debt**

All general obligation notes and bonds payable are backed by the full faith and credit of the Village, and will be retired by resources derived from various sources, including property tax levies, special assessments and impact fees. Details of general obligation debt are presented below:

	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/16</u>
Notes:	08/24/12	03/15/17	2.75%	\$ 194,138	\$ 26,321
	09/12/13	03/15/18	3.00%	150,000	78,355
	08/20/15	03/15/20	3.00%	452,000	362,266
	08/31/14	03/15/19	3.00%	253,000	139,359
	11/06/14	02/15/22	0%	28,377	21,283
	07/01/15	07/01/18	0%	3,201	2,167
	08/09/16	03/15/21	2.50%	325,000	325,000
Bonds:	02/07/13	05/01/27	1.0-2.2%	9,495,000	7,815,000
<b>Total general obligation debt</b>					<u>\$ 8,769,751</u>
Government activity debt					\$ 954,751
Business-type activity debt					<u>7,815,000</u>
<b>Total general obligation debt</b>					<u>\$ 8,769,751</u>

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**F. Long-Term Obligations (continued)**

**General Obligation Debt (continued)**

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. As of December 31, 2016, the Village has used 18.10% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2016:

Equalized Value January 1, 2016	\$ 969,061,600
Debt limit (5% of equalized value)	\$ 48,453,080
General Obligation Debt outstanding	(8,769,751)
<b>Remaining Margin of Indebtedness Available</b>	<b>\$ 39,683,329</b>
Ratio of applicable general obligation debt to debt limit	<u>18.10 %</u>

**Debt Maturities**

Debt service requirements to maturity for long-term debt are as follows:

**Governmental Activities:**

Year	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 285,441	\$ 23,365	\$ 308,806
2018	1,423,373	160,238	1,583,611
2019	1,324,228	155,963	1,480,191
2020	1,355,432	116,984	1,472,416
2021	1,298,517	76,438	1,374,955
2022-2026	1,267,760	37,926	1,305,686
<b>Totals</b>	<b>\$ 6,954,751</b>	<b>\$ 570,914</b>	<b>\$ 7,525,665</b>

This payment schedule includes \$6,000,000 of subsequently issued debt

**Business-type Activities:**

Year	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 640,000	\$ 152,235	\$ 792,235
2018	655,000	139,285	794,285
2019	665,000	126,085	791,085
2020	680,000	112,635	792,635
2021	695,000	98,885	793,885
2022-2026	3,695,000	277,343	3,972,343
2027-2031	785,000	8,635	793,635
<b>Totals</b>	<b>\$ 7,815,000</b>	<b>\$ 915,103</b>	<b>\$ 8,730,103</b>

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**F. Long-Term Obligations (continued)**

**Total Primary Government**

<u>Year</u>	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 925,441	\$ 175,600	\$ 1,101,041
2018	2,078,373	299,523	2,377,896
2019	1,989,228	282,048	2,271,276
2020	2,035,432	229,619	2,265,051
2021	1,992,517	175,323	2,168,840
2022-2026	4,962,760	315,269	5,278,029
2027-2031	785,000	8,635	793,635
<b>Totals</b>	<b>\$ 14,769,751</b>	<b>\$ 1,486,017</b>	<b>\$ 16,255,768</b>

**Subsequent Debt**

In May 2017, the Village Board approved a loan in the amount of \$6,000,000 with the Board of Commissioners of Public Lands. The debt was issued May 31, 2017. The proceeds from the issuance will be used to fund the construction of a new Village Hall, Public Works building and salt storage shed. The loan has a maturity life of 5 years at an interest rate of 3%. Subsequent debt is included in future payment schedules, above.

**Debt Premiums**

**Business-type Activities:**

Debt premiums are deferred and amortized using the straight-line method over the life of the debt issue in both the fund statements and the government-wide statements. The unamortized debt premiums are reported in the liability section, in both the fund statements and the government-wide statements.

Activity for the year ended December 31, 2016 is summarized as follows:

	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance December 31, 2016</u>
Business-type Activities	\$ 129,177	\$ —	\$ (11,743)	\$ 117,434

**Debt Refundings**

On February 7, 2013 the Summit Utility District No. 2 issued \$9,495,000 of General Obligation Refunding Bonds, which mature on May 1, 2027. Part of this issue represented a current refunding of Summit Utility District No. 2's Clean Water Fund Loan. The remaining principal balance of \$4,270,172 on the Clean Water Fund Loan was paid off with the proceeds from the new debt. In addition, part of this new debt issue represented an advanced refunding, in which a portion of the \$5,200,000 General Obligation Refunding Bonds were defeased by placing the proceeds of the refunding bonds in irrevocable escrow accounts to meet future debt service requirements as they become due. As of December 31, 2016 and 2015, \$4,935,000 of the defeased bonds remain outstanding.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**3. Detail Notes on Transaction Classes and Accounts (continued)**

**F. Long-Term Obligations (continued)**

**Other Debt Information**

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

**G. Net Position and Fund Balances**

**Government-wide Financial Statement Net Position**

**Governmental Activities**

Governmental net position consists of the following:

**Net Investment in Capital Assets:**

Land and construction in progress	\$ 1,122,427	
Other capital assets net of accumulated depreciation	3,876,098	
Less: related long-term debt	<u>(951,170)</u>	
<b>Total Net Investment in Capital Assets</b>		<b>\$ 4,047,355</b>

**Restricted for:**

Land acquisition	3,040	
Cemetery	290,813	
Genesee Lakes Utility District	33,463	
Impact fees	85,669	
Capital projects	35,127	
AED Equipment	500	
WRS pension	<u>409,596</u>	
<b>Total Restricted</b>		<b>858,208</b>

Unrestricted		<u>2,189,616</u>
<b>Total Governmental Net Position</b>		<b>\$ <u>7,095,179</u></b>

VILLAGE OF SUMMIT  
Summit, Wisconsin

Notes to Financial Statements  
December 31, 2016

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Government-Wide Financial Statement Net Position (continued)

Business-type Activities

Business-type net position consists of the following:

Net Investment in Capital Assets:

Land	\$ 92,861
Other capital assets net of accumulated depreciation	11,611,543
Less: related long-term debt, net of unamortized debt issuance costs	(7,815,000)
Less: unamortized debt premium	<u>(117,434)</u>
Net Investment in Capital Assets	\$ 3,771,970

Unrestricted	<u>747,175</u>
--------------	----------------

Total Business-type Net Position	\$ <u>4,519,145</u>
----------------------------------	---------------------

VILLAGE OF SUMMIT  
Summit, Wisconsin

Notes to Financial Statements  
December 31, 2016

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund balances consist of the following:

Major Funds:

General Fund:

Nonspendable:

Advance to Utility Districts

\$ 111,000

Prepaid expenses

35,823

\$ 146,823

Subtotal

Restricted:

AED equipment

500

Committed:

Facility improvements

1,220,434

Unassigned

973,950

Total General Fund

\$ 2,341,707

Capital Projects Fund:

Restricted:

Capital projects

\$ 35,127

Nonmajor Governmental Funds:

Restricted:

Land acquisition

\$ 3,040

Cemetery

290,813

Genesee Lakes Utility District

33,463

Impact fees

85,669

Subtotal

\$ 412,985

Unassigned

(340)

Total nonmajor governmental funds

\$ 412,645

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**4. Other Notes**

**A. Defined Benefit Pension Plan**

**Plan Description**

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

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

**Vesting**

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

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

**Benefits Provided**

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

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

WRS also provides death and disability benefits for employees.

**Post-Retirement Adjustments**

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



**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**4. Other Notes (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Post-Retirement Adjustments (continued)**

The Core and Variable annuity adjustments granted during recent years are as follows:

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

**Contributions**

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$98,911 in contributions from the employer.

Contribution rates as of December 31, 2016 are:

Employee Category	Employee	Employer
General	6.6%	6.6%
Executives & Elected Officials	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**4. Other Notes (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources**

At December 31, 2016, the Village reported a liability of \$169,756 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014 rolled forward to December 31, 2015. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2015, the Village's proportion was 0.01045%, which was a decrease of 0.00005% from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the Village recognized pension expense of \$197,995.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 28,718	\$ 357,249
Changes in assumptions	118,769	---
Net difference between projected and actual earnings on pension plan investments	695,031	---
Changes in proportion and differences between employer contributions and proportionate share of contributions	407	9,228
Employer contributions subsequent to the measurement date	102,904	---
<b>Total</b>	<b>\$ 945,829</b>	<b>\$ 366,477</b>

The amount of \$102,904 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

<b>Year Ended December 31,</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
2017	\$ 218,849	\$ (89,180)
2018	218,849	(89,180)
2019	218,849	(89,180)
2020	182,565	(87,507)
Thereafter	3,813	(11,430)

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**4. Other Notes (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions**

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

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

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

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

# VILLAGE OF SUMMIT

Summit, Wisconsin

## Notes to Financial Statements

December 31, 2016

### 4. Other Notes (continued)

#### A. Defined Benefit Pension Plan (continued)

##### Actuarial Assumptions

*Long-term expected Return on Plan Assets.* The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2015, are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation	Destination Target Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return
US Equities	27.0%	23%	7.6%	4.7%
International Equities	24.5	22	8.5	5.6
Fixed Income	27.5	37	4.4	1.6
Inflation Sensitive Assets	10	20	4.2	1.4
Real Estate	7	7	6.5	3.6
Private Equity/Debt	7	7	9.4	6.5
Multi-Asset	4	4	6.7	3.8
Total Core Fund	107	120	7.4	4.5
<b>Variable Fund Asset Class</b>				
US Equities	70%	70%	7.6%	4.7%
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants, Long Term US CPI (Inflation) Forecast: 2.75% ; Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

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

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**4. Other Notes (continued)**

**A. Defined Benefit Pension Plan (continued)**

**Actuarial Assumptions (Continued)**

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

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase To Discount Rate (8.20%)
Village's proportionate share of the net pension (asset) liability	\$1,190,674	\$ 169,756	\$ (627,599)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr/htm>.

Payables to the pension plan at December 31, 2016 were \$15,926. This represents contributions earned as of December 31, 2016, but for which payment was not remitted to the pension plan until subsequent to year-end.

**B. Risk Management**

The Village is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; and errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There are no significant reductions in coverage compared to the prior year.

**C. Contingent Liabilities**

From time to time, the Village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and of the Village attorney 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.

**D. Police Contract**

Starting in 2011, the Village began providing police services to a local municipality. The Village received \$352,261 in the current year related to these services. In 2017, the services will provide approximately \$358,715 in revenues for the Village.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Financial Statements**  
December 31, 2016

**5. Effect of New Accounting Standards on Financial Statements**

The Government Accounting Standards Board (GASB) has approved the following:

- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split Interest Agreements*
- Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68 and No. 73*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**VILLAGE OF SUMMIT**

Summit, Wisconsin

**Budgetary Comparison Schedule**

**General Fund**

For the Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Taxes	\$ 1,404,815	\$ 1,404,815	\$ 1,409,940	\$ 5,125
Operating grants and contributions:				
Intergovernmental	396,489	396,489	444,361	47,872
Other	2,200	2,200	4,426	2,226
Licenses and permits	113,780	113,780	271,089	157,309
Fines, forfeitures and penalties	40,050	40,050	81,233	41,183
Public charges for services	463,680	463,680	485,329	21,649
Intergovernmental charges for services	448,058	448,058	443,839	(4,219)
Investment income	8,800	8,800	6,016	(2,784)
Other revenues	3,000	3,000	20,875	17,875
<b>Total revenues</b>	<u>2,880,872</u>	<u>2,880,872</u>	<u>3,167,108</u>	<u>286,236</u>
<b>Expenditures:</b>				
Current:				
General government	696,564	696,564	678,894	17,670
Public safety	1,415,556	1,415,556	1,376,016	39,540
Public works	879,812	879,812	877,014	2,798
Health and human services	33,589	33,589	30,646	2,943
Culture, recreation and education	23,353	23,353	25,108	(1,755)
<b>Total expenditures</b>	<u>3,048,874</u>	<u>3,048,874</u>	<u>2,987,678</u>	<u>61,196</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(168,002)</u>	<u>(168,002)</u>	<u>179,430</u>	<u>347,432</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from sale of capital assets	---	---	17,856	17,856
Proceeds from sale of non-capital assets	---	---	17,224	17,224
Transfer in	---	---	4,800	4,800
Transfer out	---	---	(4,580)	(4,580)
<b>Total other financing sources (uses)</b>	<u>---</u>	<u>---</u>	<u>35,300</u>	<u>35,300</u>
<b>Special Item:</b>				
Dissolution of Summit Fire District	---	---	7,815	7,815
<b>Net change in fund balance</b>	<u>(168,002)</u>	<u>(168,002)</u>	<u>222,545</u>	<u>390,547</u>
Fund Balance - Beginning of Year	<u>2,119,162</u>	<u>2,119,162</u>	<u>2,119,162</u>	<u>---</u>
Fund Balance - End of Year	<u>\$ 1,951,160</u>	<u>\$ 1,951,160</u>	<u>\$ 2,341,707</u>	<u>\$ 390,547</u>

See Independent Auditors' Report.



**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Schedule of Proportionate Share of the Net Pension Asset (Liability)**  
For the Year Ended December 31, 2016

Wisconsin Retirement System  
Last 10 Fiscal Years\*

	<b>Village's proportion of the net pension asset (liability)</b>	<b>Village's proportionate share of the net pension asset (liability)</b>	<b>Village's covered- employee payroll</b>	<b>Net pension asset (liability) as a percentage of covered- employee payroll</b>	<b>Plan fiduciary net position as a percentage of total pension asset (liability)</b>
2016	0.0104%	\$ (169,756)	\$ 1,156,076	14.68%	98.20%
2015	0.0110%	258,250	1,144,847	22.56%	102.74%

\*The amounts presented for each fiscal year were determined as of the prior calendar-year end.

GASB Pronouncement 68 required the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

**Schedule of Employer Contributions**  
For the Year Ended December 31, 2016

Wisconsin Retirement System  
Last 10 Fiscal Years\*

	<b>Contractually required contributions</b>	<b>Contributions in relation to the contractually required contributions</b>	<b>Contribution deficiency (excess)</b>	<b>Village's covered- employee payroll</b>	<b>Contributions as a percentage of covered- employee payroll</b>
2016 \$	98,911	\$ 98,911	\$ ---	\$ 1,156,076	8.56%
2015	102,782	102,782	---	1,144,847	8.98%

\*The amounts presented for each fiscal year were determined as of the period calendar-year end.

GASB Pronouncement 68 required the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

See Independent Auditors' Report.

**VILLAGE OF SUMMIT**  
Summit, Wisconsin

**Notes to Required Supplementary Information**  
December 31, 2016

**A. Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund.

The Village adopted annual Governmental Fund Budgets for the General Fund, the Special Revenue Fund, the Debt Service Fund and the Capital Projects Funds. These budgets are adopted in accordance with State Statutes. All annual appropriations lapse at year-end except for certain non-lapsing funds specifically designated by the Board. Budgetary control is exercised at the individual fund level for each fund.

The budget amounts presented include any amendments made during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Board action. There were no supplemental appropriations during the year.

Appropriations lapse at year end unless specifically carried over. Carryovers to the following year were not material.

**B. Excess Expenditures Over Appropriations**

<u>Department</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
<b>General Fund:</b>			
Culture, recreation and education	\$ 23,353	\$ 25,108	\$ 1,755

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

The excess expenditures were funded by lower expenditures in other areas.

**C. Wisconsin Retirement System**

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

**OTHER SUPPLEMENTARY INFORMATION**

VILLAGE OF SUMMIT  
Summit, Wisconsin

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2016

	Special Revenue Funds					Permanent Fund	Total Nonmajor Funds
	Debt Service Fund	Land Acquisition and Capital Improvements	Impact Fees	Genesee Lakes Utility District	Summit Utility District #3		
Assets:							
Cash and investments	\$ 128,664	\$ 3,040	\$ 85,669	\$ ---	\$ ---	\$ 416,966	\$ 634,339
Receivables:							
Taxes	175,173	---	---	3,969	20,605	---	199,747
Due from other funds	---	---	---	33,463	---	---	33,463
Total Assets	303,837	3,040	85,669	37,432	20,605	416,966	867,549
Liabilities:							
Due to other funds	---	---	---	---	340	126,153	126,493
Deferred Inflows of Resources:							
Tax roll revenue	303,837	---	---	3,969	20,605	---	328,411
Fund Balance (Deficit):							
Restricted	---	3,040	85,669	33,463	---	290,813	412,985
Unassigned	---	---	---	---	(340)	---	(340)
Total Fund Balance (Deficit)	\$ ---	\$ 3,040	\$ 85,669	\$ 33,463	\$ (340)	\$ 290,813	\$ 412,645

See Independent Auditors' Report.

VILLAGE OF SUMMIT  
Summit, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2016

	Debt Service Fund	Land Acquisition and Capital Improvements	Impact Fees	Genesee Lakes Utility District	Summit Utility District #3	Permanent Fund Cemetery Fund	Total Nonmajor Funds
<b>Revenues:</b>							
Taxes	\$ 286,852	\$ ---	\$ ---	\$ 3,969	\$ 20,605	\$ ---	\$ 311,426
Public charges for services	---	---	22,152	---	---	21,550	43,702
Interest income	---	---	58	---	---	4,800	4,858
<b>Total revenues</b>	<b>286,852</b>	<b>---</b>	<b>22,210</b>	<b>3,969</b>	<b>20,605</b>	<b>26,350</b>	<b>359,986</b>
<b>Expenditures:</b>							
<b>Current:</b>							
Public works	---	---	---	---	20,605	---	20,605
Health and human services	---	---	---	---	---	1,995	1,995
Capital outlay	---	---	2,200	---	---	---	2,200
Debt Service:							
Principal	270,655	---	---	---	---	---	270,655
Interest and fiscal charges	20,777	---	---	---	---	---	20,777
<b>Total Expenditures</b>	<b>291,432</b>	<b>---</b>	<b>2,200</b>	<b>---</b>	<b>20,605</b>	<b>1,995</b>	<b>316,232</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(4,580)</b>	<b>---</b>	<b>20,010</b>	<b>3,969</b>	<b>---</b>	<b>24,355</b>	<b>43,754</b>
<b>Other Financing Sources (Uses):</b>							
Transfers in	4,580	---	---	---	---	---	4,580
Transfers out	---	---	---	---	---	(4,800)	(4,800)
<b>Total other financing sources (uses)</b>	<b>4,580</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>(4,800)</b>	<b>(220)</b>
<b>Net change in fund balance</b>	<b>---</b>	<b>---</b>	<b>20,010</b>	<b>3,969</b>	<b>---</b>	<b>19,555</b>	<b>43,534</b>
<b>Fund Balance (Deficit), beginning of year</b>	<b>---</b>	<b>3,040</b>	<b>65,659</b>	<b>29,494</b>	<b>(340)</b>	<b>271,258</b>	<b>369,111</b>
<b>Fund Balance (Deficit) - end of year</b>	<b>\$ ---</b>	<b>\$ 3,040</b>	<b>\$ 85,669</b>	<b>\$ 33,463</b>	<b>\$ (340)</b>	<b>\$ 290,813</b>	<b>\$ 412,645</b>

See Independent Auditors' Report.