

VILLAGE OF PRAIRIE DU SAC, WISCONSIN

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITOR'S REPORT**

Year Ended December 31, 2013

**Johnson Block & Company, Inc.
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VILLAGE OF PRAIRIE DU SAC, WISCONSIN

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INDEPENDENT AUDITOR'S REPORT

President and Board of Trustees
Village of Prairie du Sac
Prairie du Sac, Wisconsin

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

In our opinion, the financial statements referred to previously 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 Prairie du Sac, Wisconsin, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof 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 budgetary comparison information on page 48 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.

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

Other Information

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



Other Matters (Continued)

Other Information (Continued)

The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
Certified Public Accountants
Viroqua, Wisconsin
August 1, 2014

BASIC FINANCIAL STATEMENTS

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Statement of Net Position
December 31, 2013**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 488,770	\$ 2,423,130	\$ 2,911,900
Restricted cash and cash equivalents	591,789	1,190,940	1,782,729
Receivables	3,481,680	784,092	4,265,772
Internal balances	441,945	(441,945)	-
Due from other governmental agencies	12,660	-	12,660
Inventories	-	127,804	127,804
Prepaid expenses	13,493	-	13,493
Investment in Sauk Prairie Sewer Commission	-	1,179,295	1,179,295
Capital assets:			
Land	318,831	6,604	325,435
Construction work in progress	38,527	-	38,527
Capital assets, net of depreciation	9,964,484	11,883,725	21,848,209
Net capital assets	<u>10,321,842</u>	<u>11,890,329</u>	<u>22,212,171</u>
Total Assets	<u>\$ 15,352,179</u>	<u>\$ 17,153,645</u>	<u>\$ 32,505,824</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 86,911	\$ 776,655	\$ 863,566
Due to other governmental agencies	25,968	-	25,968
Accrued interest	81,602	15,540	97,142
Current portion of long-term obligations	874,056	309,040	1,183,096
Long-term obligations, net of current portion	5,200,546	3,347,037	8,547,583
Total Liabilities	<u>6,269,083</u>	<u>4,448,272</u>	<u>10,717,355</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,033,017</u>	<u>-</u>	<u>3,033,017</u>
NET POSITION			
Net investment in capital assets	4,344,502	8,234,252	12,578,754
Restricted for special purposes	-	1,175,400	1,175,400
Unrestricted	1,705,577	3,295,721	5,001,298
Total Net Position	<u>6,050,079</u>	<u>12,705,373</u>	<u>18,755,452</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 15,352,179</u>	<u>\$ 17,153,645</u>	<u>\$ 32,505,824</u>

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

Village of Prairie Du Sac
Prairie Du Sac, WI

Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs Primary government	Program Revenue			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 Activities							
General Government	\$ 918,284	\$ 125,651	\$ 74,036	\$ -	\$ (718,597)	\$ -	\$ (718,597)
Public Safety	882,215	-	12,424	-	(869,791)	-	(869,791)
Public Works	1,107,740	331,262	219,708	-	(556,770)	-	(556,770)
Culture and Recreation	580,694	11,449	106,230	101,345	(361,670)	-	(361,670)
Conservation and Development	239,692	-	4,301	-	(235,391)	-	(235,391)
Interest on Long-Term Debt	203,820	-	-	-	(203,820)	-	(203,820)
Total governmental activities	3,932,445	468,362	416,699	101,345	(2,946,039)	-	(2,946,039)
Business-type activities:							
Water	566,737	630,203	-	-	-	\$ 63,466	63,466
Sewer	367,361	390,958	-	-	-	23,597	23,597
Electric	4,847,853	4,965,501	-	107,388	-	225,036	225,036
Storm Water	96,984	107,439	-	257,550	-	268,005	268,005
Total business-type activities	5,878,935	6,094,101	-	364,938	-	580,104	580,104
Total primary government	\$ 9,811,380	\$ 6,562,463	\$ 416,699	\$ 466,283	(2,946,039)	\$ 580,104	(2,365,935)
General revenues:							
Property taxes:							
Property taxes, levied for general purposes					1,989,079	-	1,989,079
Property taxes, levied for debt service					678,351	-	678,351
Special assessments					6,799	-	6,799
Other taxes					16,256	-	16,256
Grants and contributions not restricted to specific programs					173,912	-	173,912
Unrestricted investment earnings					10,661	6,659	17,320
Investment loss in Sauk Prairie Sewer Commission					-	(19,219)	(19,219)
Miscellaneous					68,973	454	69,427
Special item - gain (loss) on disposal of asset					(48,682)	-	(48,682)
Transfers					246,636	(246,636)	-
Total general revenues and transfers					3,141,985	(258,742)	2,883,243
Change in net position					195,946	321,362	517,308
Net position - beginning (restated)					5,854,133	12,384,011	18,238,144
Net position - ending					\$ 6,050,079	\$ 12,705,373	\$ 18,755,452

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

Village of Prairie Du Sac
Prairie Du Sac, WI

Balance Sheet
Governmental Funds
December 31, 2013

	<u>Major</u>		<u>Non-Major</u>		<u>Total</u>
	<u>General Fund</u>	<u>TID</u>	<u>Capital Projects Fund</u>	<u>Transit Fund</u>	<u>Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 488,770	\$ -	\$ -	\$ -	\$ 488,770
Receivables:					
Taxes	2,053,548	797,797	-	-	2,851,345
Special Assessments	152,291	30,000	-	-	182,291
Accounts	26,323	-	-	-	26,323
Loans	-	53,310	-	-	53,310
Other	5,683	-	-	-	5,683
Due from Other Funds	139,451	92,040	-	-	231,491
Due from Other Governments	910	-	-	11,750	12,660
Prepaid Expenses	13,493	-	-	-	13,493
Restricted Cash	-	478,731	105,178	7,880	591,789
Advances Receivable	607,542	-	-	-	607,542
Total Assets	<u>\$ 3,488,011</u>	<u>\$ 1,451,878</u>	<u>\$ 105,178</u>	<u>\$ 19,630</u>	<u>\$ 5,064,697</u>
LIABILITIES					
Accounts Payable	\$ 52,943	\$ -	\$ -	\$ 7,964	\$ 60,907
Accrued Liabilities	26,005	-	-	-	26,005
Due to Other Funds	-	92,040	-	20,565	112,605
Due to Other Governments	968	-	-	25,000	25,968
Advances Payable	-	284,483	-	-	284,483
Total Liabilities	<u>79,916</u>	<u>376,523</u>	<u>-</u>	<u>53,529</u>	<u>509,968</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,205,220</u>	<u>827,797</u>	<u>-</u>	<u>-</u>	<u>3,033,017</u>
FUND BALANCES					
Nonspendable	773,326	83,310	-	-	856,636
Restricted	-	164,248	105,178	-	269,426
Unassigned (Deficit)	429,549	-	-	(33,899)	395,650
Total Fund Balances (Deficit)	<u>1,202,875</u>	<u>247,558</u>	<u>105,178</u>	<u>(33,899)</u>	<u>1,521,712</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,488,011</u>	<u>\$ 1,451,878</u>	<u>\$ 105,178</u>	<u>\$ 19,630</u>	<u>\$ 5,064,697</u>

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

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2013**

Total fund balance, governmental funds	\$	1,521,712
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Property tax equivalent receivable		362,729
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Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Governmental capital assets	\$ 18,203,329	
Governmental accumulated depreciation	<u>(7,881,487)</u>	10,321,842

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

General obligation debt	(6,055,749)	
Unamortized debt discount	78,409	
Vested employee benefits	(97,262)	
Accrued interest	<u>(81,602)</u>	<u>(6,156,204)</u>

Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>6,050,079</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

Village of Prairie Du Sac
Prairie Du Sac, WI

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2013

	Major				Non-Major		Total Governmental Funds
	General Fund	TID	Capital Projects Fund	Debt Service Fund	Transit Fund		
REVENUES							
Property Taxes	\$ 1,272,345	\$ 716,734	\$ -	\$ 678,351	\$ -	\$ -	\$ 2,667,430
Other Taxes	195,911	-	-	-	-	-	195,911
Special Assessment Revenue	6,799	-	-	-	-	-	6,799
Intergovernmental	508,290	8,285	-	-	74,036	-	590,611
License and Permits	113,661	-	-	-	-	-	113,661
Public Charges for Services	354,701	-	-	-	-	-	354,701
Interest Income	9,264	1,397	-	-	-	-	10,661
Miscellaneous Income	62,376	-	101,346	-	6,595	-	170,317
Total Revenues	2,523,347	726,416	101,346	678,351	80,631	-	4,110,091
EXPENDITURES							
Current:							
General Government	311,842	-	-	-	104,356	-	416,198
Public Safety	869,641	-	-	-	-	-	869,641
Public Works	808,019	-	-	-	-	-	808,019
Culture, Recreation and Education	451,165	-	-	-	-	-	451,165
Conservation and Development	8,253	924,864	-	-	-	-	933,117
Capital Outlay	3,780	-	619,589	-	-	-	623,369
Debt Service	-	-	-	724,083	-	-	839,421
Interest and Fiscal Charges	-	31,672	-	166,801	-	-	198,473
Total Expenditures	2,452,700	1,071,874	619,589	890,884	104,356	-	5,139,403
Excess (Deficiency) of Revenues Over Expenditures	70,647	(345,458)	(518,243)	(212,533)	(23,725)	-	(1,029,312)
OTHER FINANCING SOURCES (USES)							
Proceeds from Long-Term Debt	-	-	536,110	-	-	-	536,110
Transfers In	-	-	-	212,534	-	-	212,534
Transfers Out	(212,534)	-	-	-	-	-	(212,534)
Total Other Financing Sources and Uses	(212,534)	-	536,110	212,534	-	-	536,110
Net Change in Fund Balances	(141,887)	(345,458)	17,867	1	(23,725)	-	(493,202)
Fund Balances (Deficit) - Beginning (restated)	1,344,762	593,016	87,311	(1)	(10,174)	-	2,014,914
Fund Balances (Deficit) - Ending	\$ 1,202,875	\$ 247,558	\$ 105,178	\$ -	\$ (33,899)	\$ -	\$ 1,521,712

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

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2013**

Net change in fund balances - total governmental funds:		\$ (493,202)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Property taxes on assets of the municipality owned utilities are reported as they are received in the governmental fund statements. However, for governmental activities, those revenues are recorded as they are earned.		
Property taxes from municipally owned utilities received during the year	\$ (179,655)	
Property taxes from municipally owned utilities earned during the year	246,636	
Amount by which property taxes earned are greater (less) than that which was received:		66,981
The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Expenditures for capital assets	773,105	
Depreciation expense reported in the Statement of Activities	(417,367)	
Amount by which capital outlays are greater (less) than depreciation in the current period:		355,738
The Village disposed of capital assets which resulted in a reduction in capital assets and recapture of prior depreciation expense. This is reported on the Statement of Net Position as a loss and has no effect on the Governmental Fund Balance Sheet.		
The value of capital assets disposed during the year was	(259,819)	
The amount of depreciation recapture for the year was	211,137	
The difference in the value of assets net of recaptured depreciation creates a gain (loss) of:		(48,682)
Vested employee benefits are reported in the governmental funds when amounts are paid. The Statement of Activities reports the value of benefits earned during the year.		
Amounts paid are greater (less) than amounts earned by:		17,147
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the Statement of Net Position, and does not affect the Statement of Activities.		
The amount of debt incurred in the current year is:		(536,110)
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the Statement of Net Position and does not affect the Statement of Activities.		
The amount of long-term debt principal payments in the current year is:		839,421
In governmental funds, interest payments on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities, interest is reported as incurred.		
The amount of interest paid during the current period	198,474	
The amount of interest accrued during the current period	(190,353)	
Interest paid is greater (less) than interest accrued by:		8,121
In governmental funds, discounts on outstanding long-term debt are reported as an expenditure when paid. In the Statement of Activities, discounts are amortized and expensed over the life of the issue.		
The amount of debt discounts recognized during the current period is:		(13,468)
Change in net position of governmental activities		\$ 195,946

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

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 1,664,115	\$ 59,267	\$ 607,630	\$ 92,118	\$ 2,423,130
Receivables					
Accounts (net allowance for uncollectibles)	779,467	-	-	18	779,485
Other	4,607	-	-	-	4,607
Due from Other Funds	-	63,847	15,757	7,626	87,230
Inventories	118,497	8,180	1,127	-	127,804
Total Current Assets	<u>2,566,686</u>	<u>131,294</u>	<u>624,514</u>	<u>99,762</u>	<u>3,422,256</u>
Restricted Assets:					
Restricted Cash and Cash Equivalents	537,059	522,812	55,922	75,147	1,190,940
Total Restricted Assets	<u>537,059</u>	<u>522,812</u>	<u>55,922</u>	<u>75,147</u>	<u>1,190,940</u>
Capital Assets:					
Land and Improvements	1,178	5,426	-	-	6,604
Capital Assets	7,708,183	6,636,673	2,069,990	1,744,789	18,159,635
Less Accumulated Depreciation	(4,019,604)	(1,332,001)	(613,152)	(311,153)	(6,275,910)
Net Capital Assets	<u>3,689,757</u>	<u>5,310,098</u>	<u>1,456,838</u>	<u>1,433,636</u>	<u>11,890,329</u>
Noncurrent Assets:					
Investment in Sauk Prairie Sewer Commission	-	-	1,179,295	-	1,179,295
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>1,179,295</u>	<u>-</u>	<u>1,179,295</u>
Total Assets	<u>\$ 6,793,502</u>	<u>\$ 5,964,204</u>	<u>\$ 3,316,569</u>	<u>\$ 1,608,545</u>	<u>\$ 17,682,820</u>

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

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 349,860	\$ -	\$ 16,817	\$ -	\$ 366,677
Accrued Liabilities	234,525	174,172	1,281	-	409,978
Accrued Interest Payable	2,050	11,217	2,273	-	15,540
Due to Other Funds	82,657	86,738	36,470	251	206,116
Current Portion of Long-Term Liabilities	109,790	154,014	44,843	393	309,040
Total Current Liabilities	<u>778,882</u>	<u>426,141</u>	<u>101,684</u>	<u>644</u>	<u>1,307,351</u>
Non-Current Liabilities:					
Long-Term Liabilities	1,151,294	1,835,246	359,440	1,057	3,347,037
Total Long-Term Liabilities	<u>1,151,294</u>	<u>1,835,246</u>	<u>359,440</u>	<u>1,057</u>	<u>3,347,037</u>
Other Liabilities					
Advances Payable	-	72,799	-	250,260	323,059
Total Other Liabilities	<u>-</u>	<u>72,799</u>	<u>-</u>	<u>250,260</u>	<u>323,059</u>
Total Non-Current Liabilities	<u>1,151,294</u>	<u>1,908,045</u>	<u>359,440</u>	<u>251,317</u>	<u>3,670,096</u>
Total Liabilities	<u>1,930,176</u>	<u>2,334,186</u>	<u>461,124</u>	<u>251,961</u>	<u>4,977,447</u>
NET POSITION					
Net Investment in Capital Assets	2,428,673	3,320,838	1,052,555	1,432,186	8,234,252
Restricted	535,009	511,595	53,649	75,147	1,175,400
Unrestricted (Deficit)	1,899,644	(202,415)	1,749,241	(150,749)	3,295,721
Total Net Position	<u>4,863,326</u>	<u>3,630,018</u>	<u>2,855,445</u>	<u>1,356,584</u>	<u>12,705,373</u>
Total Liabilities and Net Position	<u>\$ 6,793,502</u>	<u>\$ 5,964,204</u>	<u>\$ 3,316,569</u>	<u>\$ 1,608,545</u>	<u>\$ 17,682,820</u>

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

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2013**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	
OPERATING REVENUES					
Charges for Services	\$ 4,913,834	\$ 594,292	\$ 390,322	\$ 107,340	\$ 6,005,788
Other Operating Revenues	51,667	35,911	636	99	88,313
Total Operating Revenues	<u>4,965,501</u>	<u>630,203</u>	<u>390,958</u>	<u>107,439</u>	<u>6,094,101</u>
OPERATING EXPENSES					
Operation and Maintenance	4,501,964	384,381	309,638	66,594	5,262,577
Depreciation	293,636	127,308	46,485	27,323	494,752
Taxes	26,778	8,268	2,317	-	37,363
Total Operating Expenses	<u>4,822,378</u>	<u>519,957</u>	<u>358,440</u>	<u>93,917</u>	<u>5,794,692</u>
Operating Income	<u>143,123</u>	<u>110,246</u>	<u>32,518</u>	<u>13,522</u>	<u>299,409</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest and Investment Revenue	2,687	3,069	797	106	6,659
Miscellaneous Non-Operating Revenue	454	-	-	-	454
Interest Expense and Fiscal Charges	(27,508)	(46,697)	(8,921)	-	(83,126)
Investment loss in Sauk Prairie Sewer Commission	-	-	(19,219)	-	(19,219)
Amortization Expense	(1,034)	(83)	-	-	(1,117)
Total Non-Operating Revenues (Expenses)	<u>(25,401)</u>	<u>(43,711)</u>	<u>(27,343)</u>	<u>106</u>	<u>(96,349)</u>
Income (Loss) Before Contributions and Transfers	117,722	66,535	5,175	13,628	203,060
Capital Contributions	107,388	-	-	257,550	364,938
Transfers Out - Tax Equivalent	(132,916)	(113,720)	-	-	(246,636)
Change in Net Position	<u>92,194</u>	<u>(47,185)</u>	<u>5,175</u>	<u>271,178</u>	<u>321,362</u>
Total Net Position - Beginning (restated)	4,771,132	3,677,203	2,850,270	1,085,406	12,384,011
Total Net Position - Ending	<u>\$ 4,863,326</u>	<u>\$ 3,630,018</u>	<u>\$ 2,855,445</u>	<u>\$ 1,356,584</u>	<u>\$ 12,705,373</u>

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

**Village of Prairie Du Sac
Prairie du Sac, WI**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 5,093,257	\$ 631,967	\$ 391,616	\$ 107,439	\$ 6,224,279
Cash received from (paid to) other funds for services	267,979	(205,528)	(50,899)	(4,973)	6,579
Payments to suppliers	(4,232,703)	(249,293)	(249,824)	(43,313)	(4,775,133)
Payments to employees	(248,368)	(82,477)	(45,642)	(23,281)	(399,768)
Taxes paid	(26,778)	(10,585)	-	-	(37,363)
Net cash provided (used) by operating activities	<u>853,387</u>	<u>84,084</u>	<u>45,251</u>	<u>35,872</u>	<u>1,018,594</u>
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of plant assets	(210,497)	(147,142)	(8,711)	-	(366,350)
Long-term debt proceeds	-	190,555	6,724	-	197,279
Contributed capital	69,129	-	-	-	69,129
Principal payments on long-term debt	(92,876)	(137,693)	(21,200)	(19)	(251,788)
Interest paid	(27,508)	(46,697)	(9,521)	-	(83,726)
Net cash provided (used) by capital and related financing activities	<u>(261,752)</u>	<u>(140,977)</u>	<u>(32,708)</u>	<u>(19)</u>	<u>(435,456)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers	(132,916)	(113,720)	-	-	(246,636)
Net cash provided (used) by noncapital financing activities	<u>(132,916)</u>	<u>(113,720)</u>	<u>-</u>	<u>-</u>	<u>(246,636)</u>
Cash Flows from Investing Activities:					
Miscellaneous non-operating income	454	-	-	-	454
Interest income	2,687	3,069	797	106	6,659
Net cash provided (used) by investing activities	<u>3,141</u>	<u>3,069</u>	<u>797</u>	<u>106</u>	<u>7,113</u>
Net increase (decrease) in cash and equivalents	461,860	(167,544)	13,340	35,959	343,615
<u>Cash and Equivalents, Beginning of year*</u>	<u>1,739,314</u>	<u>749,623</u>	<u>650,212</u>	<u>131,306</u>	<u>3,270,455</u>
<u>Cash and Equivalents, End of year</u>	<u>\$ 2,201,174</u>	<u>\$ 582,079</u>	<u>\$ 663,552</u>	<u>\$ 167,265</u>	<u>\$ 3,614,070</u>

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

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013**

	<u>Major</u>			<u>Non-Major</u>	<u>Total</u>
	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Fund</u>	<u>Storm Water Fund</u>	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating Income (Loss)	\$ 143,123	\$ 110,246	\$ 32,518	\$ 13,522	\$ 299,409
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Joint meter allocation	-	7,342	(7,342)	-	-
Depreciation	293,636	127,308	46,485	27,323	494,752
Changes in Assets and Liabilities:					
Customer accounts receivable	(34,600)	-	-	-	(34,600)
Other receivables	159,904	1,764	658	-	162,326
Due to/from other funds	267,979	(215,187)	(41,240)	(4,973)	6,579
Inventories	(9,094)	1,683	-	-	(7,411)
Deferred assets	2,452	-	-	-	2,452
Accounts payable	(5,377)	-	16,817	-	11,440
Accrued liabilities	35,364	50,928	(2,645)	-	83,647
Net cash provided (used) by operating activities	<u>\$ 853,387</u>	<u>\$ 84,084</u>	<u>\$ 45,251</u>	<u>\$ 35,872</u>	<u>\$ 1,018,594</u>
Reconciliation of cash and cash equivalents to the statement of net position:					
Cash and cash equivalents -					
Statement of Net Position	\$ 1,664,115	\$ 59,267	\$ 607,630	\$ 92,118	\$ 2,423,130
Restricted cash and cash equivalents -					
Statement of Net Position	537,059	522,812	55,922	75,147	1,190,940
Cash and cash equivalents - end of year	<u>\$ 2,201,174</u>	<u>\$ 582,079</u>	<u>\$ 663,552</u>	<u>\$ 167,265</u>	<u>\$ 3,614,070</u>
Noncash capital and related financing activities:					
Investment in Sauk Prairie Sewer Commission	\$ -	\$ -	\$ (19,219)	\$ -	\$ (19,219)
Investment earnings from Sauk Prairie Sewer Commission	-	-	19,219	-	19,219
Capital paid in by municipality	-	-	-	257,550	257,550
Contributed utility plant	-	-	-	(257,550)	(257,550)
Total non-cash activity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Certain amounts in the beginning balance have been reclassified to conform to the current year presentation.

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

**Village of Prairie Du Sac
Prairie Du Sac, WI**

**Statement of Net Position
Fiduciary Fund
December 31, 2013**

	<u>Tax Agency</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,079,340
Taxes Receivable	1,986,961
Total Assets	<u>\$ 5,066,301</u>
LIABILITIES	
Due to Other Governments	\$ 5,066,301
Total Liabilities	<u>\$ 5,066,301</u>

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

NOTES TO FINANCIAL STATEMENTS

**VILLAGE OF PRAIRIE DU SAC, WISCONSIN
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December 31, 2013**

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VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Prairie du Sac conform to U.S. generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the Village of Prairie du Sac. 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (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. The Village does not have any component units.

B. BASIS OF FINANCIAL STATEMENT PRESENTATION

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. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment 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 are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

Fund Financial Statements (Continued)

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

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

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Village has presented the following governmental funds:

General Fund – The General Fund is the Village’s primary operating fund and is always classified as a major fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for and report the specific revenue sources comprising a substantial portion of the fund’s resources on an ongoing basis that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Debt Service Fund – The Debt Service Fund is used to account for and report the financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays (other than those financed by proprietary funds and trust funds).

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

The Village reports the following major governmental funds:

- General Fund
- Tax Incremental Financing Districts Fund
- Debt Service Fund
- Capital Projects Fund

The Village reports the following nonmajor governmental fund:

Transit Fund – The Transit Fund is used to account for the revenues and expenses associated with the taxi service provided for Prairie du Sac and Sauk City.

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow.

The Village reports the following business-type activities:

Major Enterprise Funds

Electric Utility – Accounts for providing electric service.

Water Utility – Accounts for providing water service.

Sewer Fund – Accounts for providing sewer service.

Nonmajor Enterprise Fund

Storm Water Fund – Accounts for providing storm water services.

Fiduciary Funds (Not included in Government-Wide Statements)

Agency Fund – The Agency Fund is 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. The Village's Agency Fund accounts for the transactions pertaining to the Village's tax appropriation.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

The government-wide financial statements and fund financial statements for the proprietary funds are presented 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 recognized at the time the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Deferred outflows of resources represents a consumption of resources that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represents an acquisition of resources that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Unbilled receivables are recorded as revenues when services are provided.

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 Electric Utility, Water Utility, Sewer Fund, and Storm Water Fund are charges to customers for providing service to the Village's residents and businesses. Operating expenses for proprietary funds include the cost of providing these services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., 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 expendable available financial resources.

Property taxes are levied in December on the assessed value as of the prior January 1 for all general property located in the Village. The taxes are due and payable in the following year. Property taxes are recorded in the year levied as taxes receivable and deferred inflows. Property taxes are recognized in the appropriate fund as revenues in the succeeding year when they are collected and available to finance services.

In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of fiduciary net position.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING (Continued)

The aggregate amount of property taxes to be levied for Village purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the Village are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1.

Property tax calendar – 2013 tax roll:

Lien date and levy date	December, 2013
Tax bills mailed	December, 2013
Payment in full or first installment due	January 31, 2014
Second installment due	July 31, 2014
Tax sale – 2013 delinquent real estate	October, 2016

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. Provision for uncollectible accounts receivable has been made for the Electric Utility. All the utilities also have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, 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.

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

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

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS

On the Government-Wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred inflows or nonspendable fund equity. Liabilities for claims, judgments and compensated absences which will not be currently liquidated using expendable available financial resources are included as liabilities in the government-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. CASH AND INVESTMENTS

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Fair value of investments in the Local Government Investment Pool (LGIP) is based on information provided by the State of Wisconsin Investment Board.

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.

F. INVENTORIES AND PREPAID ITEMS

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Enterprise funds inventories are generally used for construction and for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction, operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. CAPITAL ASSETS

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$2,000 for general capital assets and \$2,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged, but not required. The Village has elected to retroactively report all major general infrastructure assets.

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 fund proceeds. 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 fixed 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:

Infrastructure	30 years
Buildings and building improvements	25 - 75 years
Furniture and equipment	7 - 10 years
Vehicles	7 - 20 years
Utility plant	4 - 135 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in enterprise fund operations are accounted for the same as in the government-wide statements.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. INTERFUND RECEIVABLES AND PAYABLES

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”. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

I. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

The Electric Utility has an allowance for uncollectible accounts of \$3,936 in 2013.

J. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide, enterprise, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2013 are determined on the basis of current salary rates and include salary related payments.

K. LONG-TERM OBLIGATIONS

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line 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 liability section of the balance sheet. The Village does not engage in conduit debt transactions.

Debt issuance costs are recognized in the current period for the government-wide, proprietary, and governmental fund statements.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. 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 statement. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

N. EQUITY CLASSIFICATIONS

Government-Wide Statements

Equity is reported 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net positions 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 positions that do 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.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. EQUITY CLASSIFICATIONS (Continued)

Fund Statements

Governmental fund equity is reported as fund balance and is classified as follows:

- a. Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – amounts with externally imposed constraints placed on the use of resources by constitution, external resource providers, or through enabling legislation.
- c. Committed – amounts that can only be spent for specific purposes pursuant to constraints imposed by formal action by the Village Board. A formal resolution by the Village Board is required to establish, modify, or rescind a fund balance commitment.
- d. Assigned – amounts that are neither restricted nor committed for which a government has stated intended use for a specific purpose. This intent can be expressed through the Village Board, or through the Village Board delegating this responsibility to the Village Administrator through the budgetary process.
- e. Unassigned – the residual classification for the General Fund representing amounts not restricted, committed, or assigned to specific purposes.

The Village's fund balance policy states the Village shall endeavor to maintain a fund balance of 25% of the annual General Fund operating budget expenditures. If the fund balance drops below 20%, appropriate steps shall be taken to restore it to 25% in the subsequent year's budget.

When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Village's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

O. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS

Electric Utility

Current electric rates were approved by the PSCW on December 5, 2013 and placed into effect by the Electric Utility on December 15, 2013.

Water Utility

Current water rates were approved by the PSCW on December 22, 2011 and placed into effect by the Water Utility on March 13, 2013. The rates are designed to provide a 3.0% return on rate base.

Sewer Fund

Current sewer rates were approved by the Village Board and placed into effect by the Sewer Fund on January 16, 2007.

**VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. BASIS FOR EXISTING RATES – PROPRIETARY FUNDS (Continued)

Storm Water Fund

Current Storm Water Fund rates were approved by the Village Board and placed into effect on January 16, 2007.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented include any amendments made during the year. The Village Board may authorize transfers of budgeted amounts within functions. Transfers between functions and changes to the overall budget must be approved by two-thirds of the Village Board. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the function level of expenditure.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The Village controls expenditures at the function level. The General Fund experienced expenditures which exceeded appropriations as follows:

	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Appropriations
General Fund:			
Current:			
General government	\$ 309,090	\$ 311,842	\$ (2,752)
Public safety	852,885	869,641	(16,756)

C. BOND COVENANT DISCLOSURE

As part of the 1997 and 2012 Sewer and Electric Revenue Bond resolutions, certain information is required to be disclosed.

Compliance with Funding Requirements

The utilities are in compliance with combined bond funding requirements.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

C. BOND COVENANT DISCLOSURE (Continued)

Number of Customers

The utilities served the following number of customers at December 31, 2013:

	Electric	Sewer
Residential	1,810	1,629
Commercial	276	162
Industrial	2	8
Public authority	-	16
Public street lighting	10	-
Totals	2,098	1,815

Insurance Coverage

The utilities are in compliance with combined insurance requirements.

Debt Coverage

2013 required and actual coverage factors are as follows:

	Electric	Sewer
Change in net position	\$ 92,194	\$ 5,175
Plus:		
Interest expense	27,508	8,921
Depreciation	293,636	46,485
Amortization	1,034	-
Investment loss in Sauk- Prairie Sewer Commission	-	19,219
Tax equivalent	132,916	-
Income available for debt service	\$ 547,288	\$ 79,800
Annual debt service	\$ 114,598	\$ 12,148
2013 calculated coverage ratio	4.78	6.57
Required coverage ratio	1.25	1.25

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Investment of Village funds is restricted by State Statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin, if the time deposits mature in not more than three years.
2. 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, local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The Local Government Investment Pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The carrying amount of the Village's cash and investments totaled \$7,773,969 on December 31, 2013 and is summarized below:

Petty cash and cash on hand	\$ 220
Deposits with financial institutions	5,740,249
Deposits with external investment pools	2,033,500
	<u>\$ 7,773,969</u>
 Reconciliation to the basic financial statements:	
Government-Wide Statement of Net Position:	
Cash and cash equivalents	\$ 2,911,900
Restricted cash and cash equivalents	1,782,729
Fiduciary fund:	
Agency Fund	3,079,340
	<u>\$ 7,773,969</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

Deposits and investments of the Village are subject to various risks. Following is a discussion of the specific risks and the Village's policy related to the risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure the Village's deposits may not be returned to it. The Village evaluates custodial credit risk through periodic monitoring of the financial condition of financial institutions where deposits are held. Formal written custodial risk policies have not been adopted by the Village. As of December 31, 2013, \$5,065,321 of the Village's deposits with financial institutions totaling \$5,737,804 was exposed to custodial credit risks as follows. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Uninsured and uncollateralized	\$ 4,065,321
Uninsured and collateralized with securities held by pledging financial institutions	1,000,000
Total	\$ 5,065,321

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for demand accounts and \$250,000 for time and savings accounts. Deposits and the LGIP are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual organizations. This coverage has not been considered in computing the above amounts.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Wisconsin State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years. As of December 31, 2013, the LGIP had an average maturity of 89 days and a fair value of \$2,033,500.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statute limits investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

A. CASH AND INVESTMENTS (Continued)

The LGIP is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Village. The LGIP was not rated as of December 31, 2013.

Concentration of Credit Risk – The investment policy of the Village contains no limitations on the amount that can be invested in any one issuer. The Village had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village investments.

B. RECEIVABLES

Receivables as of year-end for the governmental funds' individual major funds, and fiduciary funds in the aggregate, are as follows:

	General Fund	Tax Incremental Financing Districts Funds	Fiduciary Fund	Total
Total receivables	\$ 2,237,845	\$ 881,107	\$ 1,986,961	\$ 5,105,913
Amounts not expected to be collected within one year	\$ 152,291	\$ 83,310	\$ -	\$ 235,601

Special assessments and economic development loan receivables are not expected to be collected within one year.

C. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources of \$3,033,017 at December 31, 2013, consist of the following:

	General Fund	Tax Incremental Financing Districts	
2013 tax apportionment	\$ 2,052,429	\$ 797,797	
Deferred special assessments	152,291	30,000	
Other deferred inflows	500	-	
Total	\$ 2,205,220	\$ 827,797	

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

D. RESTRICTED ASSETS

Governmental funds have restricted cash in the amount of \$591,789 which consists of:

Tax Incremental Financing Districts Fund	\$	478,731
Capital Projects Fund		105,178
Transit Fund		7,880
		\$ 591,789

In the Electric, Water and Sewer Enterprise Funds, restricted assets represent cash reserved in accordance with utility revenue bond ordinances and can only be used in the following ways:

Bond Principal and Interest Accounts – Payments from these accounts can be made only for interest and principal and paying agent’s fees as such become due.

Bond Reserve Accounts – Payments from the accounts may be made only to prevent default in the event the monies in the bond principal and interest accounts are insufficient to make payments when due.

Bond Depreciation and Replacement Account – Payments from the account may be made for making emergency replacements, repairs and additions to the Village’s utility systems if other funds are not available.

The Electric Utility has also deemed the cash from Commitment to Community as restricted.

At December 31, 2013, enterprise fund restricted cash and investments consisted of the following:

	Electric	Water	Sewer	Storm Water	Total
Bond principal and interest	\$ 294,148	\$ -	\$ -	\$ -	\$ 294,148
Bond reserve accounts	192,911	129,871	40,294	-	363,076
Depreciation and equipment	50,000	55,000	15,628	-	120,628
Equipment replacement fund	-	337,941	-	-	337,941
Special deposits	-	-	-	75,147	75,147
Total restricted cash and investments	\$ 537,059	\$ 522,812	\$ 55,922	\$ 75,147	\$ 1,190,940

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS

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

Governmental Activities

	Balance 1/1/2013	Additions	Deletions	Balance 12/31/2013
Capital assets not being depreciated:				
Land	\$ 163,592	\$ 155,239	\$ -	\$ 318,831
Construction work in progress	2,357,817	38,527	2,357,817	38,527
Total capital assets not being depreciated	<u>2,521,409</u>	<u>193,766</u>	<u>2,357,817</u>	<u>357,358</u>
Capital assets being depreciated:				
Infrastructure	10,090,570	459,765	259,819	10,290,516
Buildings and building improvements	3,651,415	2,477,391	-	6,128,806
Furniture and equipment	123,302	-	-	123,302
Vehicles	1,303,347	-	-	1,303,347
Total capital assets being depreciated	<u>15,168,634</u>	<u>2,937,156</u>	<u>259,819</u>	<u>17,845,971</u>
Less: Accumulated depreciation:				
Infrastructure	(5,819,307)	(267,210)	(211,137)	(5,875,380)
Buildings and building improvements	(805,359)	(111,400)	-	(916,759)
Furniture and equipment	(105,772)	(1,450)	-	(107,222)
Vehicles	(944,819)	(37,307)	-	(982,126)
Total accumulated depreciation	<u>(7,675,257)</u>	<u>(417,367)</u>	<u>(211,137)</u>	<u>(7,881,487)</u>
Net capital assets - governmental activities	<u>\$ 10,014,786</u>	<u>\$ 2,713,555</u>	<u>\$ 2,406,499</u>	<u>\$ 10,321,842</u>

Depreciation expense was charged to functions as follows:

Governmental activities

General government	\$ 4,198
Public safety	18,663
Public works	305,378
Culture and recreation	75,891
Conservation and development	13,237
Total governmental activities depreciation expense	<u>\$ 417,367</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

E. CAPITAL ASSETS (Continued)

Proprietary Funds

	Balance 1/1/2013	Additions	Retirements	Balance 12/31/2013
Electric Utility:				
Construction work in progress	\$ 430,843	\$ 6,245	\$ 437,088	\$ -
Transmission and distribution plant	6,498,296	511,786	3,785	7,006,297
General plant	573,511	129,553	-	703,064
Total electric plant	<u>\$ 7,502,650</u>	<u>\$ 647,584</u>	<u>\$ 440,873</u>	<u>\$ 7,709,361</u>
Water Utility:				
Construction work in progress	\$ 1,688,287	\$ -	\$ 1,688,287	\$ -
Source of supply plant	164,447	1,755,718	-	1,920,165
Pumping plant	127,459	-	-	127,459
Water treatment plant	96,036	-	-	96,036
Transmission and distribution plant	4,342,058	79,710	7,931	4,413,837
General plant	84,602	-	-	84,602
Total water plant	<u>\$ 6,502,889</u>	<u>\$ 1,835,428</u>	<u>\$ 1,696,218</u>	<u>\$ 6,642,099</u>
Sewer Fund:				
Collecting system plant	\$ 1,965,502	\$ 8,711	\$ 1,742	\$ 1,972,471
Treatment and disposal plant	47,641	-	-	47,641
General plant	49,878	-	-	49,878
Total sewer plant	<u>\$ 2,063,021</u>	<u>\$ 8,711</u>	<u>\$ 1,742</u>	<u>\$ 2,069,990</u>
Storm Water Fund:				
Mains	\$ 1,237,399	\$ 257,550	\$ -	\$ 1,494,949
Ponds	182,058	-	-	182,058
General equipment	67,782	-	-	67,782
Total storm water fund	<u>\$ 1,487,239</u>	<u>\$ 257,550</u>	<u>\$ -</u>	<u>\$ 1,744,789</u>

A summary of depreciation rates and accumulated depreciation for the utilities follows:

Fund	Balance 1/1/2013	2013 Depreciation Expense	2013 Meter Reading Allocation	2013	Balance 12/31/2013
				Retirements and Removals (Net of Salvage)	
Electric	\$ 3,729,753	\$ 293,636	\$ -	\$ 3,785	\$ 4,019,604
Water	1,205,282	127,308	7,342	7,931	1,332,001
Sewer	575,751	46,485	(7,342)	1,742	613,152
Storm Water	283,830	27,323	-	-	311,153
	<u>\$ 5,794,616</u>	<u>\$ 494,752</u>	<u>\$ -</u>	<u>\$ 13,458</u>	<u>\$ 6,275,910</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

F. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 139,451	\$ -
TIF District No. 2	-	92,040
TIF District No. 3	92,040	-
Transit Fund	-	20,565
Enterprise Funds:		
Electric	-	82,657
Water	63,847	86,738
Sewer	15,757	36,470
Storm Water	7,626	251
Totals	<u>\$ 318,721</u>	<u>\$ 318,721</u>

The following is a schedule of interfund advances:

	Advances To Other Funds	Advances From Other Funds
General Fund	\$ 607,452	\$ -
Tax Incremental Financing Districts	-	284,483
Enterprise Funds:		
Water	-	72,799
Storm Water	-	250,260
Totals	<u>\$ 607,452</u>	<u>\$ 607,542</u>

The following is a schedule of interfund transfers recorded in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds as of December 31, 2013:

Transfer from:	Transfer to:	Purpose:	Amount
General Fund	Debt Service Fund	Debt service	\$ 212,534

The following is a schedule of transfers in the Government-Wide Statement of Activities as of December 31, 2013:

Transfer from:	Transfer to:	Purpose:	Amount
Business-type Activities	Governmental Activities	Tax equivalent	\$ 246,636

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	1/1/2013			12/31/2013	Amounts
	Balance	Increases	Decreases	Balance	Due Within
					One Year
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 6,359,060	\$ 536,110	\$ 839,421	\$ 6,055,749	\$ 853,239
Add/Subtract Amounts For:					
Premiums/Discount on debt	(91,877)	-	(13,468)	(78,409)	-
Total	<u>6,267,183</u>	<u>536,110</u>	<u>825,953</u>	<u>5,977,340</u>	<u>853,239</u>
Other liabilities:					
Vested compensated					
absences	114,408	2,041	19,187	97,262	20,817
Total other liabilities	<u>114,408</u>	<u>2,041</u>	<u>19,187</u>	<u>97,262</u>	<u>20,817</u>
Total governmental					
activities - long-term					
liabilities	<u>\$ 6,381,591</u>	<u>\$ 538,151</u>	<u>\$ 845,140</u>	<u>\$ 6,074,602</u>	<u>\$ 874,056</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 833,158	\$ 75,190	\$ 80,896	\$ 827,452	\$ 110,093
Revenue bonds	2,763,611	122,089	159,807	2,725,893	169,307
Add/Subtract Amounts For:					
Premiums/Discount on debt	(7,271)	-	(517)	(6,754)	-
Total	<u>3,589,498</u>	<u>197,279</u>	<u>240,186</u>	<u>3,546,591</u>	<u>279,400</u>
Other liabilities:					
Vested compensated					
absences	120,573	5,975	17,062	109,486	29,640
Total other liabilities	<u>120,573</u>	<u>5,975</u>	<u>17,062</u>	<u>109,486</u>	<u>29,640</u>
Total business-type					
activities - long-term					
liabilities	<u>\$ 3,710,071</u>	<u>\$ 203,254</u>	<u>\$ 257,248</u>	<u>\$ 3,656,077</u>	<u>\$ 309,040</u>

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

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (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. The debt limit as of December 31, 2013 was \$16,878,860. Total general obligation debt outstanding at year end was \$6,883,201.

Governmental activities long-term debt at December 31, 2013 consists of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2013
Governmental Activities					
General Obligation Debt					
Corporate purpose bonds	2/11/2010	2/1/2030	2.00% - 6.00%	\$ 2,301,200	\$ 2,116,400
Refunding bonds	2/11/2010	2/1/2018	1.00% - 2.85%	1,585,000	940,000
Corporate purpose bonds	3/1/2007	3/1/2018	4.00%	2,100,000	995,000
State trust fund loan	4/9/2007	3/15/2015	5.25%	430,000	132,775
State trust fund loan	6/9/2009	3/15/2014	3.50%	45,000	9,554
Promissory notes	9/26/2011	3/1/2015	2.00%	178,698	90,358
Refunding bonds	5/17/2012	4/1/2024	2.00% - 2.20%	1,170,780	1,136,119
Promissory notes	6/1/2012	1/15/2016	2.00%	225,000	99,433
Promissory notes	4/1/2013	4/1/2023	2.65%	536,110	536,110
Total governmental activities - general obligation debt					<u>\$ 6,055,749</u>

Debt service requirements to maturity for governmental activities are as follows:

Years	Governmental Activities General Obligation Debt	
	Principal	Interest
2014	\$ 853,239	\$ 168,223
2015	825,342	146,459
2016	683,953	122,468
2017	561,060	103,996
2018	560,601	87,786
2019 - 2023	1,396,174	307,265
2024 - 2028	845,380	126,339
2029 - 2030	330,000	7,670
Totals	<u>\$ 6,055,749</u>	<u>\$ 1,070,206</u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

G. LONG-TERM OBLIGATIONS (Continued)

Business-type activities long-term debt at December 31, 2013 consists of the following individual issues:

	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	Balance 12/31/2013
Business-Type Activities					
Corporate purpose bonds	2/11/2010	2/1/2030	2.00% - 6.00%	\$ 313,800	\$ 288,600
Sewer revenue bonds	8/27/1997	5/1/2017	3.00%	205,400	45,765
Promissory notes	9/26/2011	3/1/2015	2.00%	246,774	124,780
Refunding bonds	5/17/2012	4/1/2024	2.00% - 2.20%	349,220	338,881
Electric revenue bonds	5/17/2012	12/1/2025	1.00% - 2.80%	1,225,000	1,190,000
Safe drinking water loan	4/25/2012	5/1/2031	2.20%	1,554,314	1,490,129
Promissory notes	4/1/2013	4/1/2023	2.65%	75,190	75,190
Total business-type activities - long-term debt					<u>\$ 3,553,345</u>

Debt service requirements to maturity for business-type activities are as follows:

Years	Business-Type Activities General Obligation Debt		Business-Type Activities Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 110,093	\$ 19,464	\$ 169,307	\$ 57,836
2015	110,626	17,579	171,140	55,083
2016	50,534	15,904	183,015	52,286
2017	52,577	14,756	179,934	48,344
2018	54,566	13,517	174,586	44,642
2019 - 2023	274,433	47,750	903,278	166,784
2024 - 2028	129,621	17,386	654,059	65,474
2029 - 2031	45,002	1,045	290,574	9,682
Totals	<u>\$ 827,452</u>	<u>\$ 147,401</u>	<u>\$ 2,725,893</u>	<u>\$ 500,131</u>

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions. (See Note 2.C.)

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

H. GOVERNMENTAL ACTIVITIES NET POSITION

Governmental activities net position reported on the Government-Wide Statement of Net Position at December 31, 2013 includes the following:

Net investment in capital assets	
Land	\$ 318,831
Construction work in progress	38,527
Other capital assets, net of accumulated depreciation	9,964,484
Less: related long-term debt outstanding	<u>(5,977,340)</u>
Total net investment in capital assets	4,344,502
Unrestricted	<u>1,705,577</u>
Total governmental activities net position	<u><u>\$ 6,050,079</u></u>

I. GOVERNMENTAL FUND BALANCES

Governmental fund balances reported on the fund financial statements at December 31, 2013 include the following:

Nonspendable

Major Funds:	
Special assessments	\$ 182,291
Prepaid insurance	13,493
Economic development loans	53,310
Advances to other funds	<u>607,542</u>
Total nonspendable fund balance	<u>856,636</u>

Restricted

Major Funds:	
Tax Incremental Financing District expenditures	164,248
Capital projects	<u>105,178</u>
Total restricted fund balance	<u>269,426</u>

Unassigned

Major Fund:	
General Fund	429,549
Non-Major Fund:	
Transit Fund (deficit)	<u>(33,899)</u>
Total unassigned fund balance	<u>395,650</u>
Total governmental fund balance	<u><u>\$ 1,521,712</u></u>

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. EMPLOYEES RETIREMENT SYSTEM

All eligible Village of Prairie du Sac employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, but expected to return year after year are considered to have met the one-year requirement.

Covered employees are required by statute to contribute one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.7%	6.7%
Protective with Social Security	6.7%	9.8%

The payroll for Village employees covered by the WRS for the year ended December 31, 2013 was \$927,750; the employer's total payroll was \$1,035,539. The total required contribution for the year ended December 31, 2013 was \$123,390, which consisted of \$61,695, or 6.6% of payroll from the employer and \$61,695, or 6.6% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$104,113 and \$100,067, respectively, equal to the required contributions for each year.

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

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

J. EMPLOYEES RETIREMENT SYSTEM (Continued)

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

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS

Summary Description

The Village has created Tax Incremental Financing Districts (TIF District or TID) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

Generally, the statutes provide that no project costs may be expended later than seven years after the creation date of the district. The statutes further allow the municipality to collect tax increments for sixteen years after the last project expenditure is made or until the net project cost of the district has been recovered, whichever occurs first. The 1995-97 state budget act changed these timeframes for districts created prior to October 1, 1995. The budget act extended the project expenditure period for these districts from seven years to ten years. Also, the budget act established a maximum life of twenty-seven years on these districts. Project costs uncollected at the dissolution date are absorbed by the municipality.

The State has enacted several changes relating to tax incremental financing districts in 2004. One of these changes extends the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that have reached the end of its expenditure period prior to October 1, 2004, it allows a municipality to expend additional project costs included in the project plan beginning October 1, 2004.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

The Village created Tax Incremental Financing Districts No. 2 and 3 in 1996, and Tax Incremental Financing District No. 4 in 2008. A summary of cumulative status are as follows:

TID No. 2	Cumulative To Date Costs
Revenues:	
Taxes	\$ 1,333,090
Intergovernmental	9,598
Total revenue	1,342,688
Expenditures:	
Project costs	1,033,312
Fund balance, December 31	\$ 309,376
TID No. 3	
Revenues:	
Taxes	\$ 2,702,168
Intergovernmental	48,433
Interest income	25,925
Total revenue	2,776,526
Expenditures:	
Project costs	3,094,357
Long-term debt proceeds	178,698
Fund balance (deficit), December 31	\$ (139,133)
TID No. 4	
Revenues:	
Taxes	\$ 681,128
Intergovernmental	6,099
Total revenue	687,227
Expenditures:	
Project costs	609,912
Fund balance, December 31	\$ 77,315

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 3. DETAILED NOTES ON ALL FUNDS (Continued)

K. STATUS OF TAX INCREMENTAL FINANCING DISTRICTS (Continued)

Current valuations of TID No. 2, No. 3 and No. 4 are as follows:

	TID No. 2	TID No. 3	TID No. 4
Current value	\$ 10,868,300	\$ 16,251,800	\$ 15,313,900
Base	2,478,200	5,204,800	483,300
Increment	\$ 8,390,100	\$ 11,047,000	\$ 14,830,600

The intent of the Village is to recover the above amounts from future TID surplus funds, if any, prior to termination of the respective TIDs. Unless terminated by the Village prior thereto, each TID has a statutory termination year as follows:

	Termination Year
TID No. 2	2019
TID No. 3	2023
TID No. 4	2028

NOTE 4. OTHER INFORMATION

A. JOINT VENTURES

In 1981, the Villages of Prairie du Sac and Sauk City joined in an agreement with the Sauk-Prairie Joint Sewerage Commission to finance the portion of construction cost of a new waste water treatment plant not funded by grants. Prairie du Sac agreed to finance 50% of the non-funded (local) share of the plant cost. The Village of Prairie du Sac accounts for the investment in the Sewer Fund under the equity method.

Condensed audited financial statement information of the Sauk-Prairie Joint Sewerage Commission for the year ended December 31, 2013 is as follows:

Current assets	\$	238,476
Current liabilities		26,311
Net working capital		212,165
Total assets		2,469,414
Total net position		2,443,103
Decrease in net position		(38,440)

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4. OTHER INFORMATION (Continued)

A. JOINT VENTURES (Continued)

The Villages of Prairie du Sac and Sauk City jointly formed the Sauk Prairie Police Commission to provide law enforcement services to each of the Villages. Under the agreement, costs are jointly shared and are apportioned annually based upon several criteria.

Condensed audited financial statement information of the Sauk Prairie Police Department for the year ended December 31, 2013 is as follows:

Current assets	\$	121,289
Current liabilities		32,654
Net working capital		88,635
Total assets		273,748
Total net position		24,177
Decrease in net position		(60,781)

Separate financial statements are issued for Sauk-Prairie Joint Sewerage Commission and Sauk Prairie Police Department.

SAUK PRAIRIE TRANSIT FUND

The Village of Prairie du Sac is in a joint venture with Sauk City to provide transportation services to each of the Villages.

B. COMMITMENTS AND CONTINGENCIES

Electric Utility Power Purchase Agreement

The Electric Utility is one of 51 WPPI Energy member municipalities located throughout the States of Wisconsin, Iowa and Michigan. On December 1, 1989, each initial WPPI Energy member commenced purchasing electric service from WPPI Energy under a long-term Power Supply Contract for Participating Members (long-term contract). Under the long-term contract, WPPI Energy is obligated to provide and sell, and each member is obligated to take and pay for, the electric power and energy required for the operation of each member's electric utility.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4. OTHER INFORMATION (Continued)

B. COMMITMENTS AND CONTINGENCIES (Continued)

Electric Utility Power Purchase Agreement (Continued)

The long-term contract requires all WPPI Energy members to pay for power and energy requirements supplied or made available by WPPI Energy at rates sufficient to cover WPPI Energy's revenue requirement including power supply costs, administrative expenses and debt service. WPPI Energy's subsequent year's operating budget and rates are approved annually by its Board of Directors, consisting of representatives from each member. The members have agreed to charge rates to retail customers sufficient to meet their WPPI Energy obligations. The long-term contract provides that all payments to WPPI Energy constitute operating expenses of the electric utility payable from any operating and maintenance fund established for that system.

In 2002, all WPPI Energy members ratified a thirteen year extension to their original thirty-five year contracts. The new contract expires on December 31, 2037.

WPPI Energy's outstanding debt service obligations are to be paid by its members through their wholesale power charges through the remainder of the long-term contract.

Operating Leases

From time to time the Village enters into operating leases for equipment and vehicle transactions. Such leases are considered operating in nature because they are subject to annual appropriation and are thus cancelable.

Lawsuits

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 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.

Grants

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

State Funding

Funding for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4. OTHER INFORMATION (Continued)

C. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; 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 insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

D. SUBSEQUENT EVENTS

In February 2014, the Village Board authorized the sale of \$3,830,000 of G.O. Bonds. The bonds will be repaid over a 20 year period at interest rates of 0.35% to 4.1%. Also in February 2014, the Wisconsin Public Service Commission approved the Village Water and Electric Utility's application to install an advanced metering infrastructure system for a cost of approximately \$440,485.

E. PRIOR PERIOD ADJUSTMENTS

The Village has reported prior period adjustments at January 1, 2013 as follows:

	Governmental Activities	Capital Projects Fund
Total net position/fund balance as previously reported	\$ 6,057,558	\$ 290,736
Library donations overstated	(203,425)	(203,425)
Total net position/fund balance as restated	\$ 5,854,133	\$ 87,311

	Business-type Activities	Electric Utility	Water Utility	Sewer Fund	Storm Water Fund
Total net position, as previously reported	\$ 12,273,234	\$ 4,630,110	\$ 3,698,760	\$ 2,857,486	\$ 1,086,878
Record compensated absences	(120,573)	(90,328)	(21,557)	(7,216)	(1,472)
Record unbilled revenue accrual	231,350	231,350	-	-	-
Total net position, as restated	\$ 12,384,011	\$ 4,771,132	\$ 3,677,203	\$ 2,850,270	\$ 1,085,406

VILLAGE OF PRAIRIE DU SAC, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

NOTE 4. OTHER INFORMATION (Continued)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT YEAR FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

Village of Prairie Du Sac
Prairie Du Sac, WI

Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (with Variances)
General Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 1,272,346	\$ 1,272,346	\$ 1,272,345	\$ (1)
Other Taxes	182,050	182,050	195,911	13,861
Special Assessment Revenue	1,127	1,127	6,799	5,672
Intergovernmental	503,993	503,993	508,290	4,297
License and Permits	73,380	73,380	113,661	40,281
Public Charges for Services	314,980	314,980	354,701	39,721
Interest Income	4,500	4,500	9,264	4,764
Miscellaneous Income	75,296	75,296	62,376	(12,920)
Total Revenues	<u>2,427,672</u>	<u>2,427,672</u>	<u>2,523,347</u>	<u>95,675</u>
EXPENDITURES				
Current:				
General Government	309,090	309,090	311,842	(2,752)
Public Safety	852,885	852,885	869,641	(16,756)
Public Works	820,173	820,173	808,019	12,154
Culture, Recreation and Education	467,581	467,581	451,165	16,416
Conservation and Development	8,637	8,637	8,253	384
Capital Outlay	4,500	4,500	3,780	720
Total Expenditures	<u>2,462,866</u>	<u>2,462,866</u>	<u>2,452,700</u>	<u>10,166</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(35,194)</u>	<u>(35,194)</u>	<u>70,647</u>	<u>105,841</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	-	(212,534)	(212,534)
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>(212,534)</u>	<u>(212,534)</u>
Net Change in Fund Balances	(35,194)	(35,194)	(141,887)	(106,693)
Fund Balances - Beginning	1,344,762	1,344,762	1,344,762	-
Fund Balances - Ending	<u>\$ 1,309,568</u>	<u>\$ 1,309,568</u>	<u>\$ 1,202,875</u>	<u>\$ (106,693)</u>

OTHER SUPPLEMENTARY INFORMATION

**Village of Prairie Du Sac
Prairie Du Sac, WI
Tax Incremental Financing Districts**

**Combining Balance Sheet
December 31, 2013**

	Tax Incremental Financing District No. 2	Tax Incremental Financing District No. 3	Tax Incremental Financing District No. 4	2013 Totals
ASSETS				
Receivables:				
Taxes	\$ 195,332	\$ 257,189	\$ 345,276	\$ 797,797
Special Assessments	30,000	-	-	30,000
Loans	-	53,310	-	53,310
Due from Other Funds	-	92,040	-	92,040
Restricted Cash	401,416	-	77,315	478,731
Total Assets	<u>\$ 626,748</u>	<u>\$ 402,539</u>	<u>\$ 422,591</u>	<u>\$ 1,451,878</u>
LIABILITIES				
Due to Other Funds	\$ 92,040	\$ -	\$ -	\$ 92,040
Advances Payable	-	284,483	-	284,483
Total Liabilities	<u>92,040</u>	<u>284,483</u>	<u>-</u>	<u>376,523</u>
DEFERRED INFLOWS OF RESOURCES				
2013 Tax Levy	195,332	257,189	345,276	797,797
Special Assessments	30,000	-	-	30,000
Total Deferred Inflows of Resources	<u>225,332</u>	<u>257,189</u>	<u>345,276</u>	<u>827,797</u>
FUND BALANCES				
Nonspendable	30,000	53,310	-	83,310
Restricted	279,376	(192,443)	77,315	164,248
Total Fund Balances (Deficit)	<u>309,376</u>	<u>(139,133)</u>	<u>77,315</u>	<u>247,558</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 626,748</u>	<u>\$ 402,539</u>	<u>\$ 422,591</u>	<u>\$ 1,451,878</u>

**Village of Prairie Du Sac
Prairie Du Sac, WI
Tax Incremental Financing Districts**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2013**

	Tax Incremental Financing District No. 2	Tax Incremental Financing District No. 3	Tax Incremental Financing District No. 4	2013 Totals
REVENUES				
Property Taxes	\$ 203,648	\$ 286,154	\$ 226,932	\$ 716,734
Intergovernmental	252	4,049	3,984	8,285
Interest Income	-	1,397	-	1,397
Total Revenues	<u>203,900</u>	<u>291,600</u>	<u>230,916</u>	<u>726,416</u>
EXPENDITURES				
Current:				
Conservation and Development	344,831	381,864	198,169	924,864
Debt Service:				
Principal Repayment	13,600	101,738	-	115,338
Interest and Fiscal Charges	12,834	18,838	-	31,672
Total Expenditures	<u>371,265</u>	<u>502,440</u>	<u>198,169</u>	<u>1,071,874</u>
Excess (Deficiency) of Revenues Over Expenditures	(167,365)	(210,840)	32,747	(345,458)
Fund Balances - Beginning	476,741	71,707	44,568	593,016
Fund Balances (Deficit) - Ending	<u>\$ 309,376</u>	<u>\$ (139,133)</u>	<u>\$ 77,315</u>	<u>\$ 247,558</u>