

CITY OF AMERY, WISCONSIN

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For The Year Ended December 31, 2004

CITY OF AMERY, WISCONSIN
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
For The Year Ended December 31, 2004

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AND SUPPLEMENTARY INFORMATION
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Tracey & Thole, s.c.

certified public accountants

INDEPENDENT AUDITOR'S REPORT

To The City Council
City of Amery
Amery, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amery, Wisconsin (City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's Council and management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the City's management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Redevelopment Authority for the City of Amery (Authority) have not been audited, and we were not engaged to audit the Authority's financial statements as part of our audit of the City's basic financial statements. The Authority's financial activities are included in the City's basic financial statements as the City's only discretely presented component unit.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amery, Wisconsin as of December 31, 2004, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, for the year ended December 31, 2004.

The management's discussion and analysis and budgetary comparison information on pages i through xi and 42 through 44, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedules presented as other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

May 7, 2005


TRACEY & THOLE, S.C.
Certified Public Accountants

CITY OF AMERY, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2004

As management of the City of Amery, Wisconsin (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ending December 31, 2004. Please consider this information in conjunction with the City's financial statements, which begin on page 2 following this narrative.

Efforts have been made to provide comparison to prior year data when such data is available; however, this is the first year that the City is presenting its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). In subsequent years comparisons to prior year data will be provided for all key financial information.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$6,992,437 (*net assets*). Of this amount, \$6,290,943 represented the City's investment in capital assets, net of related debt, \$747,272 was held for restricted purposes, and the remaining negative balance of \$45,778 is reflected as unrestricted.
- During the fiscal year, the City's total net assets increased by \$402,478. Net assets related to the business-type activities of the City increased \$499,329, while net assets related to governmental activities decreased \$96,851.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$304,085, a decrease of \$206,011 from the previous year. This decrease was primarily attributable to the advance payoff of long-term debt from the City's Tax Incremental District #5 in the amount of \$550,000.
- At the end of 2004, the unreserved, undesignated general fund balance was a negative \$214,805.
- The City's total long-term debt increased by \$1,085,378 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

CITY OF AMERY, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2004

Both of the government-wide financial statements distinguish those functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and service charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and human services, culture, recreation and education, conservation and development, and interest and fiscal fees. The business-type activities of the City include the water department and the sewer department of a joint water and sewer utility.

The government-wide financial statements include not only the City of Amery itself (known as the *primary government*), but also a legally separate redevelopment authority for which the City is financially accountable. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found beginning on page 2 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with various finance-related legal requirements. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund, CDBG revolving loan fund, Tax Incremental District #6 fund and the district fire hall construction fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section.

The basic governmental fund financial statements can be found beginning on page 4 of this report.

Proprietary funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its joint water and sewer utility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds, which are all considered to be major funds of the City.

CITY OF AMERY, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2004

The basic proprietary fund financial statements can be found beginning on page 9 of this report.

Fiduciary fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found beginning on page 12 of this report.

Notes to the Financial Statements

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 14 of this report.

Supplementary Information

In addition to the basic financial statement and accompanying notes, this report presents certain required supplementary information on the City's operating budget. Required supplementary information can be found beginning on page 42 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds, individual fund statements for selected funds, a detailed schedule supporting the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities (Exhibit 4A) and various debt repayment schedules. This supplementary information section of the report begins on page 45.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$6,992,437 at the close of 2004. The largest portion of these net assets (90%) reflect the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. On the following page is a summary of the City's statement of net assets:

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2004**

**City of Amery, Wisconsin
Condensed Statement of Net Assets
December 31, 2004**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
|--|------------------------------------|-------------------------------------|---------------------|
| Current and other assets | \$ 2,262,274 | \$ 904,397 | \$ 3,166,671 |
| Capital assets | <u>5,574,639</u> | <u>6,410,285</u> | <u>11,984,924</u> |
| Total Assets | <u>7,836,913</u> | <u>7,314,682</u> | <u>15,151,595</u> |
| Long-term debt | 3,362,584 | 2,563,425 | 5,926,009 |
| Other long-term obligations | 433,097 | 76,571 | 509,668 |
| Other liabilities | <u>1,568,251</u> | <u>155,230</u> | <u>1,723,481</u> |
| Total Liabilities | <u>5,363,932</u> | <u>2,795,226</u> | <u>8,159,158</u> |
| Net assets: | | | |
| Invested in capital assets, net of related debt | 2,212,055 | 4,078,888 | 6,290,943 |
| Restricted | 609,327 | 137,945 | 747,272 |
| Unrestricted | <u>(348,401)</u> | <u>302,623</u> | <u>(45,778)</u> |
| Total Net Assets | <u>\$ 2,472,981</u> | <u>\$ 4,519,456</u> | <u>\$ 6,992,437</u> |

An additional portion of the City's net assets (\$747,272) represents resources that are subject to other restrictions as to how they may be used. The remaining deficit of \$45,778 of total net assets may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$302,623 of these unrestricted net assets is related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities.

The condensed statement of changes in net assets presented on the following page shows that total net assets of the City increased \$402,478, or approximately 6.1%. The increase consisted of a decrease in net assets related to governmental activities in the amount of \$96,851 and an increase in net assets related to business-type activities in the amount of \$499,329.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2004**

The following is a summary of the changes in the City's net assets for the year ending December 31, 2004:

**City of Amery, Wisconsin
Condensed Statement of Changes in Net Assets
December 31, 2004**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Totals</u> |
|---|------------------------------------|-------------------------------------|-------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 417,645 | \$ 922,340 | \$ 1,339,985 |
| Operating grants and contributions | 686,577 | | 686,577 |
| Capital grants and contributions | | 527,616 | 527,616 |
| General revenues: | | | |
| Property taxes | 1,262,532 | | 1,262,532 |
| Other taxes | 490,206 | | 490,206 |
| State and federal aids not restricted to specific programs | 628,590 | | 628,590 |
| Other | 58,209 | 10,407 | 68,616 |
| Total Revenues | <u>3,543,759</u> | <u>1,460,363</u> | <u>5,004,122</u> |
| Expenses: | | | |
| General government | 456,516 | | 456,516 |
| Public safety | 1,043,091 | | 1,043,091 |
| Public works | 947,149 | | 947,149 |
| Health and social services | 1,827 | | 1,827 |
| Culture, recreation and education | 411,748 | | 411,748 |
| Conservation and development | 642,474 | | 642,474 |
| Interest and fiscal charges | 137,805 | | 137,805 |
| Water system | | 332,381 | 332,381 |
| Sewage treatment and collection | | 628,653 | 628,653 |
| Total Expenses | <u>3,640,610</u> | <u>961,034</u> | <u>4,601,644</u> |
| Change in Net Assets | <u>\$ (96,851)</u> | <u>\$ 499,329</u> | <u>\$ 402,478</u> |

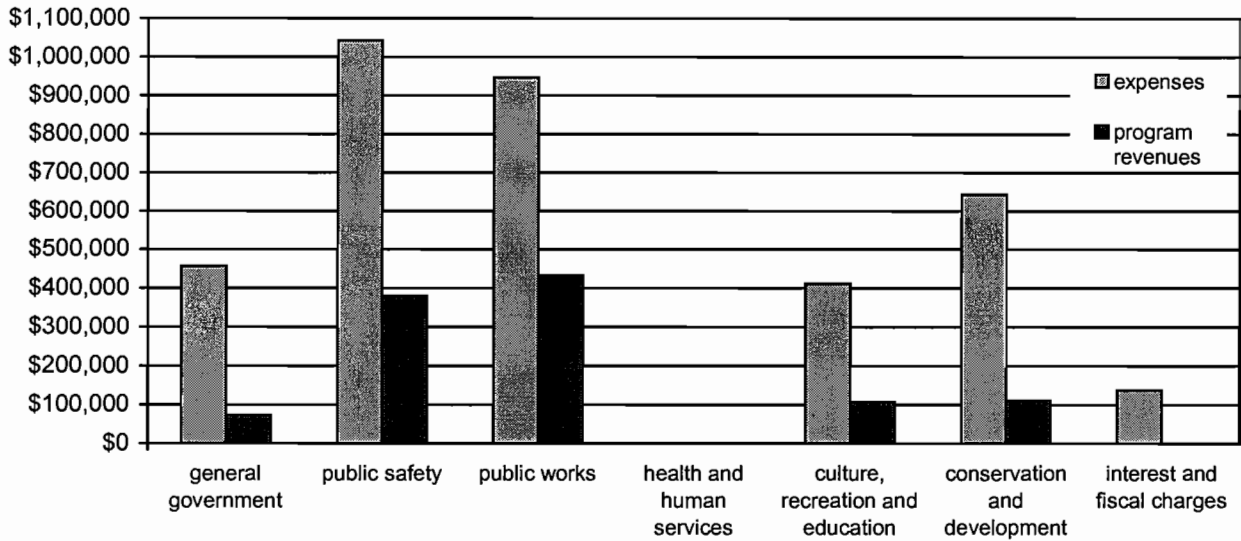
The decrease in the net assets of governmental funds primarily resulted from the use of available funds in one of the City's tax incremental districts to pay off outstanding indebtedness. The increase in net assets of the business-type activities primarily consisted of capital grants and contributions received during the year.

CITY OF AMERY, WISCONSIN

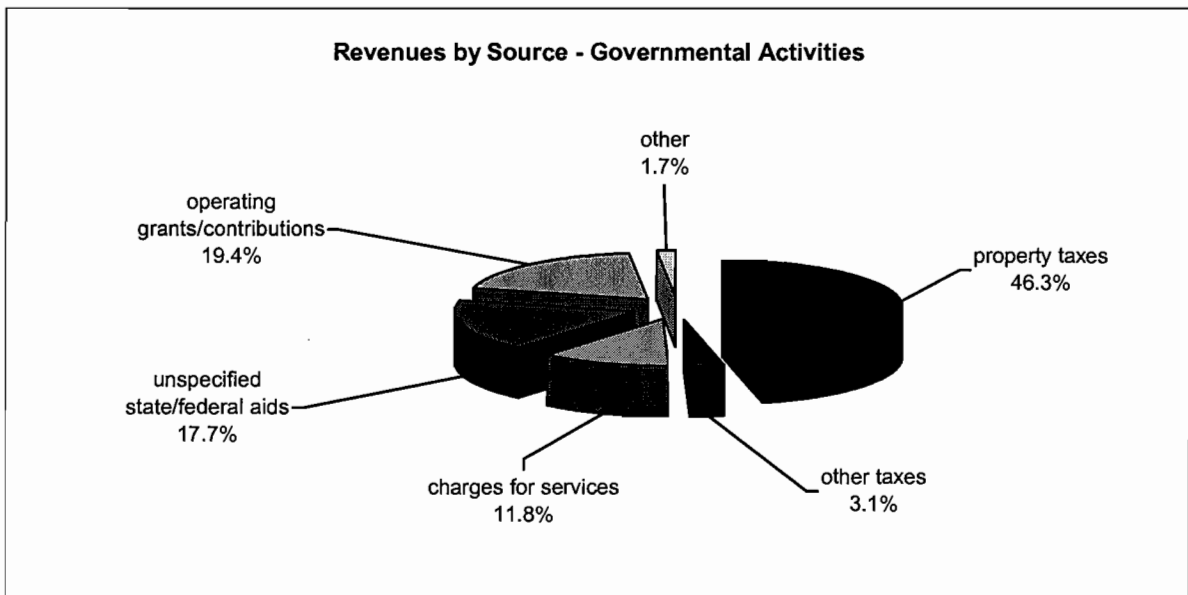
**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2004**

A review of statement of activities can provide a concise picture of how the various functions/programs of the City are funded. The following charts draw data from the statement of activities.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



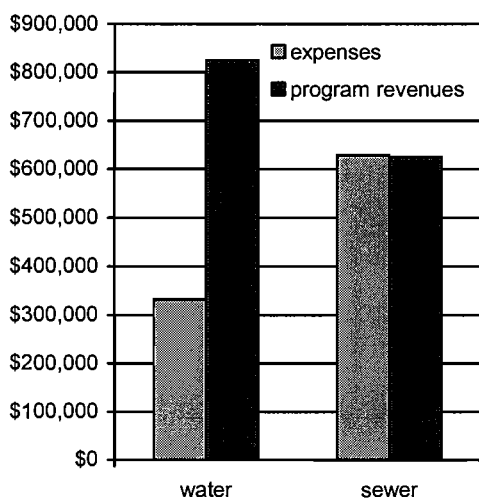
The charts draw data from the statement of activities. Program revenues fund 31.2% of program related expenses. For governmental services the City is highly dependent on property taxes (46.3%) and unspecified state and federal aids (17.7%).

CITY OF AMERY, WISCONSIN

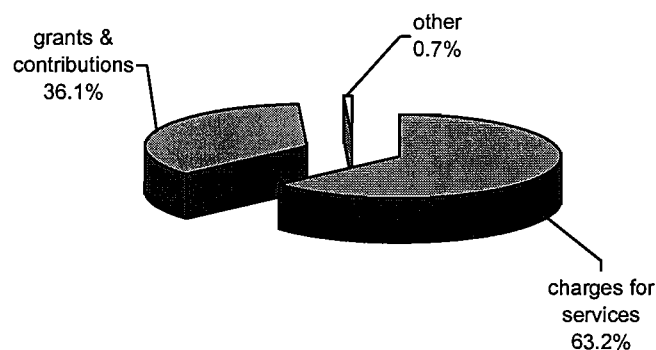
MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2004

In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (63.2%) replace property taxes as the primary revenue. Grants and contributions consist primarily of water and sewer plant financed directly by developers and hook-up fees.

**Expenses and Program Revenues -
Business-type Activities**



**Revenues by Source -
Business-type Activities**



FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information regarding near-term inflows, outflows and balances of spendable resources. Such information can be useful in assessing the City's financing requirements. In particular, the level of unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2004, the City's governmental funds reported a combined fund balance of \$304,085, a decrease of \$206,011 over the previous year. Of this total, \$70,988 is reserved for specific legal requirements and other commitments, leaving total unreserved governmental fund balances of \$233,097 available for spending at the discretion of the City's elected officials. As the result of past actions and policy decisions and the nature of individual funds comprising the balances, \$479,639 of these unreserved balances have been segregated or otherwise designated for specific uses, leaving an unreserved, undesignated fund deficit of \$246,542.

The general fund is the primary operating fund used to account for the governmental operations of the City. At December 31, 2004 the general fund had a deficit balance of \$90,592. This amount consisted of \$70,988 reserved for delinquent taxes and interfund advances, \$53,225 designated for future expenditures and the remaining negative balance of \$214,805 reflected as unreserved/undesignated.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2004**

The general fund's total fund balance increased \$127,315 during the year, while the unreserved, undesignated portion of the fund increased \$123,933. The increase in the general fund balance is primarily attributable to proceeds of long-term debt received to cover costs incurred in prior years in the amount of \$222,618 related to the construction of the new city shop building. The City's 2005 budget did not include any additional funding to finance the unreserved, undesignated negative fund balance of \$214,805 at December 31, 2004.

The debt service fund had a zero fund balance as of December 31, 2004. All 2004 long-term debt maturities were funded with transfers from the general fund, landfill remediation fund and Tax Incremental District #5 fund in the amounts of \$381,095, \$25,380 and \$615,328, respectively.

The Community Development Block Grant revolving loan fund is used to account for federal grants received through the State of Wisconsin for the purpose of financing business development loans. No new grants were received by the City during 2004. Collections on existing loans totaled \$105,993 and at December 31, 2004 there were twelve (12) loans outstanding totaling \$271,671.

The Tax Incremental District #6 (TID#6) fund, a capital projects fund, is used to account for revenues and expenditures of the City's tax incremental district #6 (TID #6). Transactions of TID #6 are further discussed in Note III.G.

The district fire hall construction fund, a capital projects fund, is used to account for expenditures and funding sources for the construction of a new fire district fire hall building. Transactions of the district fire hall construction are further discussed in Note IV.D.

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in greater detail. As shown below, the net assets of the enterprise-type proprietary fund at the end of 2004 totaled \$4,519,456, up \$499,329 from the previous year.

**City of Amery, Wisconsin
Condensed Statement of Changes in Net Assets for Enterprise Funds
For The Year Ended December 31, 2004**

| | <u>Joint Water and Sewer Utility</u> | | <u>Total</u> |
|--|--------------------------------------|-------------------|--------------|
| | <u>Water</u> | <u>Sewer</u> | |
| | <u>Department</u> | <u>Department</u> | |
| Operating revenues | \$ 347,394 | \$ 574,946 | \$ 922,340 |
| Operating expenses: | | | |
| Depreciation | 64,856 | 144,123 | 208,979 |
| Other | 247,499 | 431,549 | 679,048 |
| Operating income (Loss) | 35,039 | (726) | 34,313 |
| Net income (loss) before contributions | 15,429 | (43,716) | (28,287) |
| Capital contributions | 477,713 | 49,903 | 527,616 |
| Change in net assets | 493,142 | 6,187 | 499,329 |

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2004**

The City's joint water and sewer utility enterprise fund reflected a combined income of \$34,313 from operations. The City raised the customer user rates effective July 1, 2004 to provide an improved return on the rate base and increase its working capital position.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual* for the general fund (in required supplementary information), the final 2004 general fund budget was modified by the City council to include \$26,781 in police car purchase funds available as of January 1, 2004 and to appropriate \$449,934 of revenues received during 2004 to increase budgeted funds available for expenditure. As stated earlier, the City's general fund balance increased \$127,315 during 2004, primarily due to the receipt of long-term debt proceeds to fund prior year expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2004 and 2003 was \$11,984,924 and \$10,132,570, respectively, (net of accumulated depreciation) as shown below:

**City of Amery, Wisconsin
Capital Assets, Net of Accumulated Depreciation**

| | Governmental Activities | | Business-type Activities | | Totals | |
|------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Not subject to depreciation: | | | | | | |
| Land and land rights | \$ 746,699 | \$ 746,699 | \$ 44,779 | \$ 40,239 | \$ 791,478 | \$ 786,938 |
| Construction work in progress | 29,440 | | | | 29,440 | |
| Subject to depreciation: | | | | | | |
| Buildings and improvements | 2,574,004 | 2,001,501 | | | 2,574,004 | 2,001,501 |
| Land Improvements | 1,285,807 | 1,285,807 | | | 1,285,807 | 1,285,807 |
| Equipment and vehicles | 1,176,888 | 1,170,338 | | | 1,176,888 | 1,170,338 |
| Infrastructure | 2,047,876 | 1,913,049 | | | 2,047,876 | 1,913,049 |
| Water system plant | | | 3,909,422 | 2,484,190 | 3,909,422 | 2,484,190 |
| Sewage plant and collection system | | | 4,686,487 | 4,635,881 | 4,686,487 | 4,635,881 |
| Subtotal | 7,860,714 | 7,117,394 | 8,640,688 | 7,160,310 | 16,501,402 | 14,277,704 |
| Accumulated depreciation | 2,286,075 | 2,093,731 | 2,230,403 | 2,051,403 | 4,516,478 | 4,145,134 |
| | <u>\$ 5,574,639</u> | <u>\$ 5,023,663</u> | <u>\$ 6,410,285</u> | <u>\$ 5,108,907</u> | <u>\$ 11,984,924</u> | <u>\$ 10,132,570</u> |

Some of the more significant additions to the City's capital assets during 2004 included:

- Construction Work in Progress - New Fire Truck \$ 29,440
- Buildings and Improvements 572,503
- Infrastructure - Eldon Avenue 134,827

Additional information related to the City's capital assets is reported in Note III.C following the financial statements.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2004**

Long-term Obligations

At December 31, 2004, the City had outstanding \$6,435,677 of long-term debt and other long-term obligations. A summary detail of this amount, together with the net change from the previous year, is shown below:

| City of Amery, Wisconsin Outstanding Long-term Obligations | | | | | |
|---|------------------------------------|-------------------------------------|---------------------------------|---------------------------------|---------------------|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Outstanding 12/31/04</u> | <u>Outstanding 12/31/03</u> | <u>% Change</u> |
| Long-term debt: | | | | | |
| General obligation debt | \$ 3,362,584 | \$ 977,148 | \$ 4,339,732 | \$ 3,135,580 | 38.4% |
| Mortgage Revenue Bonds | | 1,586,277 | 1,586,277 | 1,705,051 | -7.0% |
| Other long-term obligations: | | | | | |
| Estimated employee leave | 201,125 | 76,571 | 277,696 | 306,468 | -9.4% |
| Unfunded Wisconsin Retirement System Liability | 13,862 | | 13,862 | 14,071 | -1.5% |
| Estimated landfill postclosure liability | 218,110 | | 218,110 | 232,395 | -6.1% |
| Total | <u>\$ 3,795,681</u> | <u>\$ 2,639,996</u> | <u>\$ 6,435,677</u> | <u>\$ 5,393,565</u> | |

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. The applicable debt of the City outstanding at December 31, 2004 totaled \$4,339,732, approximately 51% of the maximum legal limit of \$8,554,455.

During 2004 the City issued new debt as shown below:

| <u>Type of Debt</u> | <u>Amount</u> | <u>Purpose</u> |
|-------------------------|---------------|---|
| Bank promissory note | \$228,000 | Public works building equipment and Bridge Street improvements |
| State trust fund loan | 429,000 | TID #6 developer's agreements |
| Promissory notes | 549,000 | Fire hall/public works building |
| Promissory notes | 919,000 | Water tower/mains and well |
| Promissory note (State) | 17,070 | Landfill contamination project |

Additional information related to the City's long-term debt is reported in Note III.E following the financial statements.

CURRENTLY KNOWN FACTS

The 2005 budget adopted by the City of Amery Common Council authorized a local levy of \$1,296,325, an increase of \$33,793 over the 2004 adopted budget.

Beginning in 2005 the joint water and sewer utility enterprise fund charge for public fire protection was removed as a general fund expenditure on the tax roll and included as part of the utility quarterly customer charge for water service by the utility. The 2004 public fire protection charge to the general fund, the final year as a general fund tax roll charge, was \$115,509.

The City is attempting to make adjustments and decisions that will improve the financial condition of the general fund without significant increases in tax rates.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2004**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Amery's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the office of the City Administrator, 118 Center Street West, Amery, Wisconsin 54001.

CITY OF AMERY, WISCONSIN

STATEMENT OF NET ASSETS

December 31, 2004

| | Primary Government | | | Component Unit Redevelopment Authority |
|---|----------------------------|-----------------------------|----------------------|--|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 552,208 | \$ 244,140 | \$ 796,348 | \$ 3,425 |
| Taxes Receivable | 1,227,318 | 15,253 | 1,242,571 | |
| Accounts Receivable | 97,674 | 185,953 | 283,627 | |
| Due from Other Governmental Units | | 67,688 | 67,688 | |
| Deferred Charges | 2,478 | 8,433 | 10,911 | |
| Inventories | | 30,913 | 30,913 | |
| Total Current Assets | <u>1,879,678</u> | <u>552,380</u> | <u>2,432,058</u> | <u>3,425</u> |
| Noncurrent Assets: | | | | |
| Restricted Assets: | | | | |
| Cash and Investments | | 137,945 | 137,945 | |
| Capital Assets: | | | | |
| Capital Assets Not Being Depreciated | 776,139 | 44,779 | 820,918 | 226,355 |
| Capital Assets Being Depreciated | 7,084,575 | 8,595,909 | 15,680,484 | |
| Accumulated Depreciation | (2,286,075) | (2,230,403) | (4,516,478) | |
| Special Assessments Receivable | 90,918 | | 90,918 | |
| Advance to Redevelopment Authority | 20,000 | | 20,000 | |
| Long-term Receivables | 271,678 | 214,072 | 485,750 | |
| Total Noncurrent Assets | <u>5,957,235</u> | <u>6,762,302</u> | <u>12,719,537</u> | <u>226,355</u> |
| Total Assets | <u>\$ 7,836,913</u> | <u>\$ 7,314,682</u> | <u>\$ 15,151,595</u> | <u>\$ 229,780</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 88,504 | \$ 142,656 | \$ 231,160 | |
| Accrued Payables | 26,026 | 12,574 | 38,600 | 6,170 |
| Due to Other Governments | 18,729 | | 18,729 | |
| Deferred Revenues | 1,428,405 | | 1,428,405 | |
| Special Deposits | 6,587 | | 6,587 | |
| Current Portion of Long-term Obligations | 498,779 | 211,026 | 709,805 | |
| Total Current Liabilities | <u>2,067,030</u> | <u>366,256</u> | <u>2,433,286</u> | <u>6,170</u> |
| Noncurrent Liabilities: | | | | |
| Advance from City of Amery | | | | 20,000 |
| Noncurrent Portion of Long-term Obligations | 3,296,902 | 2,428,970 | 5,725,872 | 210,000 |
| Total Noncurrent Liabilities | <u>3,296,902</u> | <u>2,428,970</u> | <u>5,725,872</u> | <u>230,000</u> |
| Total Liabilities | <u>5,363,932</u> | <u>2,795,226</u> | <u>8,159,158</u> | <u>236,170</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 2,212,055 | 4,078,888 | 6,290,943 | |
| Restricted for: | | | | |
| Plant Replacement | | 137,945 | 137,945 | |
| Business Loan Program | 261,780 | | 261,780 | |
| Landfill Contamination | 347,547 | | 347,547 | |
| Unrestricted | (348,401) | 302,623 | (45,778) | (6,390) |
| Total Net Assets | <u>2,472,981</u> | <u>4,519,456</u> | <u>6,992,437</u> | <u>(6,390)</u> |
| Total Liabilities and Net Assets | <u>\$ 7,836,913</u> | <u>\$ 7,314,682</u> | <u>\$ 15,151,595</u> | <u>\$ 229,780</u> |

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN
STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2004

| Functions/Programs | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | Component Unit Redevelopment Authority |
|---|----------------------|------------------------------------|----------------------------------|---|--------------------------|--|
| | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Primary Government: | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 456,516 | \$ - | \$ - | \$ (383,451) | \$ - | \$ (383,451) |
| Public Safety | 1,043,091 | 202,972 | | (663,559) | | (663,559) |
| Public Works | 947,149 | 275,055 | | (514,815) | | (514,815) |
| Health and Human Services | 1,827 | | | (1,827) | | (1,827) |
| Culture, Recreation and Education | 411,748 | 107,040 | | (303,967) | | (303,967) |
| Conservation and Development | 642,474 | 101,510 | | (530,964) | | (530,964) |
| Interest and Fiscal Charges | 137,805 | | | (137,805) | | (137,805) |
| Total Governmental Activities | 3,640,610 | 686,577 | - | (2,536,388) | - | (2,398,583) |
| Business-type Activities: | | | | | | |
| Water | 332,381 | | 477,713 | | 492,726 | 492,726 |
| Sewer | 628,653 | | 49,903 | | (3,804) | (3,804) |
| Total Business-type Activities | 961,034 | - | 527,616 | - | 488,922 | 488,922 |
| Total Primary Government | \$ 4,601,644 | \$ 686,577 | \$ 527,616 | (2,536,388) | 488,922 | (1,909,661) |
| Component Unit: | | | | | | |
| Redevelopment Authority | \$ 6,395 | \$ - | \$ - | \$ - | \$ - | (6,395) |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes, levied for general purposes | | | | 919,631 | | 919,631 |
| Property taxes, levied for debt purposes | | | | 342,901 | | 342,901 |
| Property taxes, levied for TIF districts | | | | 379,125 | | 379,125 |
| Other taxes | | | | 111,081 | | 111,081 |
| State/federal aids not restricted to specific functions | | | | 628,590 | | 628,590 |
| Interest and investment earnings | | | | 13,210 | 10,407 | 23,617 |
| Rent | | | | 6,708 | | 6,708 |
| Sales of property | | | | 15,193 | | 15,193 |
| Miscellaneous | | | | 23,098 | | 23,098 |
| Total General Revenues | | | | 2,439,537 | 10,407 | 2,449,944 |
| Change in Net Assets | | | | (96,851) | 499,329 | 402,478 |
| Net Assets - Beginning of Year (See Note III.H) | | | | 2,569,832 | 4,020,127 | 6,589,959 |
| Net Assets - End of Year | | | | \$ 2,472,981 | \$ 4,519,456 | \$ 6,992,437 |

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

| | General Fund | Debt Service Fund | CDBG Revolving Loan Fund | TID #6 Fund | District Fire Hall Construction Fund | Other Governmental Funds | Totals |
|------------------------------------|--------------------|-------------------|--------------------------|---------------|--------------------------------------|--------------------------|--------------------|
| ASSETS | | | | | | | |
| Treasurer's Cash and Investments | \$ 35,670 | \$ - | \$ 38,800 | \$ 250 | \$ 8,364 | \$ 469,124 | \$ 552,208 |
| Taxes Receivable | 949,424 | | | | | 277,894 | 1,227,318 |
| Special Assessments Receivable | 90,918 | | | | | | 90,918 |
| Accounts Receivable | 97,674 | | | | | 2,478 | 97,674 |
| Deferred Charges | | | | | | | 2,478 |
| Advance to Redevelopment Authority | 20,000 | | 271,678 | | | | 20,000 |
| Long-term Receivables | | | | | | | 271,678 |
| Advances to Other Funds | 70,537 | | | | | | 70,537 |
| Total Assets | <u>\$1,264,223</u> | <u>\$ -</u> | <u>\$310,478</u> | <u>\$ 250</u> | <u>\$ 8,364</u> | <u>\$ 749,496</u> | <u>\$2,332,811</u> |

LIABILITIES AND FUND BALANCES

| | | | | | | | |
|-------------------------------------|--------------------|-------------|------------------|-----------------|-----------------|-------------------|--------------------|
| Liabilities: | | | | | | | |
| Vouchers and Accounts Payable | \$ 83,388 | \$ - | \$ - | \$ 250 | \$ - | \$ 4,866 | \$ 88,504 |
| Due Other Governmental Units | 18,729 | | | | | | 18,729 |
| Deferred Revenues | 1,246,111 | | 271,678 | 21,839 | | 326,580 | 1,844,369 |
| Advances From Other Funds | | | 48,698 | | | | 70,537 |
| Special Deposits | 6,587 | | | | | | 6,587 |
| Total Liabilities | <u>1,354,815</u> | <u>-</u> | <u>320,376</u> | <u>22,089</u> | <u>-</u> | <u>331,446</u> | <u>2,028,726</u> |
| Fund Balances: | | | | | | | |
| Reserved | 70,988 | | | | | | 70,988 |
| Unreserved: | | | | | | | |
| Designated | 53,225 | | | | 8,364 | 418,050 | 479,639 |
| Undesignated | (214,805) | | (9,898) | (21,839) | | | (246,542) |
| Total Fund Balances | <u>(90,592)</u> | <u>-</u> | <u>(9,898)</u> | <u>(21,839)</u> | <u>8,364</u> | <u>418,050</u> | <u>304,085</u> |
| Total Liabilities and Fund Balances | <u>\$1,264,223</u> | <u>\$ -</u> | <u>\$310,478</u> | <u>\$ 250</u> | <u>\$ 8,364</u> | <u>\$ 749,496</u> | <u>\$2,332,811</u> |

CITY OF AMERY, WISCONSIN

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2004**

Total fund balances - governmental funds (Exhibit 3) **\$ 304,085**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

| | | |
|-------------------------------|--------------------|-----------|
| Land | \$ 746,699 | |
| Buildings and improvements | 2,574,004 | |
| Land improvements | 1,285,807 | |
| Equipment and vehicles | 1,176,888 | |
| Infrastructure | 2,047,876 | |
| Construction work in progress | 29,440 | |
| Accumulated depreciation | <u>(2,286,075)</u> | 5,574,639 |

Some receivables, including special assessments, are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 415,964

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

| | | |
|--|----------------|--------------------|
| Notes payable | 3,362,584 | |
| Accrued interest on notes payable | 26,026 | |
| Vacation and sick leave liability | 201,125 | |
| Unfunded WRS liability | 13,862 | |
| Estimated landfill postclosure liability | <u>218,110</u> | <u>(3,821,707)</u> |

Net assets of governmental activities (Exhibit 1) **\$ 2,472,981**

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2004

| | General Fund | Debt Service Fund | CDBG Revolving Loan Fund | TID #6 Fund | District Fire Hall Construction Fund | Other Governmental Funds | Totals |
|--|------------------|--------------------|--------------------------|------------------|--------------------------------------|--------------------------|--------------------|
| REVENUES: | | | | | | | |
| Taxes | \$1,196,293 | \$ | \$ | \$ | \$ | \$559,257 | \$1,755,550 |
| Special Assessments | 36,436 | | | | | | 36,436 |
| Intergovernmental | 1,093,867 | | | 101,510 | 12,750 | 107,040 | 1,315,167 |
| Licenses and Permits | 68,160 | | | | | | 68,160 |
| Fines and Forfeits | 37,817 | | | | | | 37,817 |
| Public Charges for Services | 160,599 | | | | | | 160,599 |
| Intergovernmental Charges for Services | 152,190 | | | | | | 152,190 |
| Miscellaneous: | | | | | | | |
| Interest | 12,509 | | 132 | | | 2,399 | 15,040 |
| Rent | 6,708 | | | | | | 6,708 |
| Sale of Property | 15,193 | | | | | | 15,193 |
| Donations | 145 | | | | | | 145 |
| Loan Repayments | | | 122,999 | | | | 122,999 |
| Other | 5,947 | | | | | | 5,947 |
| Total Revenues | <u>2,785,864</u> | <u>-</u> | <u>123,131</u> | <u>101,510</u> | <u>12,750</u> | <u>668,696</u> | <u>3,691,951</u> |
| EXPENDITURES: | | | | | | | |
| General Government | 461,778 | | | | | | 461,778 |
| Public Safety | 1,028,663 | | | | 467,971 | | 1,496,634 |
| Public Works | 1,066,828 | | | | | 14,785 | 1,081,613 |
| Health and Human Services | 1,827 | | | | | | 1,827 |
| Culture, Recreation and Education | 118,953 | | | | | 280,839 | 399,792 |
| Conservation and Development | 13,389 | | 84,331 | 543,404 | | 1,350 | 642,474 |
| Debt Service: | | | | | | | |
| Principal Retirement | | 885,268 | | | | | 885,268 |
| Interest and Fiscal Charges | 1,166 | 136,535 | | 8,945 | | | 146,646 |
| Total Expenditures | <u>2,692,604</u> | <u>1,021,803</u> | <u>84,331</u> | <u>552,349</u> | <u>467,971</u> | <u>296,974</u> | <u>5,116,032</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>93,260</u> | <u>(1,021,803)</u> | <u>38,800</u> | <u>(450,839)</u> | <u>(455,221)</u> | <u>371,722</u> | <u>(1,424,081)</u> |

See accompanying notes to basic financial statements

CITY OF AMERY, WISCONSIN

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Year Ended December 31, 2004

| | General Fund | Debt Service Fund | CDBG Revolving Loan Fund | TID #6 Fund | District Fire Hall Construction Fund | Other Governmental Funds | Totals |
|--|--------------------|-------------------------|-----------------------------------|--------------------|---|--------------------------------|--------------------|
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Long-term Debt Issued | \$ 420,150 | \$ 1,021,803 | \$ - | \$ 429,000 | \$ 356,850 | \$ 17,070 | \$ 1,223,070 |
| Transfers In | (386,095) | | | | | 235,043 | 1,256,846 |
| Transfers Out | <u>34,055</u> | <u>1,021,803</u> | <u>-</u> | <u>429,000</u> | <u>356,850</u> | <u>(875,751)</u> | <u>(1,261,846)</u> |
| Total Other Financing Sources (Uses) | | | | | | <u>(623,638)</u> | <u>1,218,070</u> |
| NET CHANGE IN FUND BALANCES | 127,315 | - | 38,800 | (21,839) | (98,371) | (251,916) | (206,011) |
| FUND BALANCES, JANUARY 1 | <u>(217,907)</u> | <u>-</u> | <u>(48,698)</u> | <u>-</u> | <u>106,735</u> | <u>669,966</u> | <u>510,096</u> |
| FUND BALANCES, DECEMBER 31 | <u>\$ (90,592)</u> | <u>\$ -</u> | <u>\$ (9,898)</u> | <u>\$ (21,839)</u> | <u>\$ 8,364</u> | <u>\$ 418,050</u> | <u>\$ 304,085</u> |

CITY OF AMERY, WISCONSIN

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004**

Net change in fund balances - total governmental funds (Exhibit 4) **\$ (206,011)**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|--|------------------|---------|
| Capital outlays reported in governmental fund statements | \$ 743,320 | |
| Depreciation expense reported in the statement of activities | <u>(192,344)</u> | 550,976 |

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. (148,192)

Long-term 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 assets and does not affect the statement of activities. Long-term debt incurred in the current year is:

| | |
|--------------------------|-------------|
| General obligation notes | (1,223,070) |
|--------------------------|-------------|

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

| | |
|---------------------------|---------|
| Note principal retirement | 885,268 |
|---------------------------|---------|

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|--|---------------|---------------|
| Net decrease in accrued interest at year end | 8,841 | |
| Net decrease in compensated absences at year end | 20,843 | |
| Net decrease in pension related debt | 209 | |
| Net decrease in estimated landfill postclosure liability | <u>14,285</u> | <u>44,178</u> |

Change in net assets of governmental activities (Exhibit 2) **\$ (96,851)**

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

| | Business-type Activities - Enterprise Fund | | |
|--|--|---------------------|--------------------|
| | Joint Water and Sewer Utility | | Totals |
| | Water Department | Sewer Department | |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and Investments | \$ 787,986 | \$ (543,846) | \$ 244,140 |
| Customer Accounts Receivable | 52,095 | 133,797 | 185,892 |
| Accounts Receivable on Tax Roll | 4,571 | 10,682 | 15,253 |
| Other Accounts Receivable | | 61 | 61 |
| Due from Governmental Units | 41,396 | 26,292 | 67,688 |
| Inventories | 26,799 | 4,114 | 30,913 |
| Total Current Assets | <u>912,847</u> | <u>(368,900)</u> | <u>543,947</u> |
| Restricted Assets: | | | |
| Cash and Investments: | | | |
| Replacement Fund Cash and Investments | - | 137,945 | 137,945 |
| Capital Assets: | | | |
| Utility Plant in Service | 3,917,861 | 4,722,827 | 8,640,688 |
| Less Accumulated Depreciation | 813,029 | 1,417,374 | 2,230,403 |
| Net Capital Assets | <u>3,104,832</u> | <u>3,305,453</u> | <u>6,410,285</u> |
| Other Assets and Deferred Charges: | | | |
| Advance to Biosolids Facility | | 214,072 | 214,072 |
| Unamortized Debt Issuance Costs | 8,433 | | 8,433 |
| Total Other Assets | <u>8,433</u> | <u>214,072</u> | <u>222,505</u> |
| Total Assets | <u>\$4,026,112</u> | <u>\$3,288,570</u> | <u>\$7,314,682</u> |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 134,261 | \$ 8,395 | \$ 142,656 |
| Accrued Interest | 3,494 | 9,080 | 12,574 |
| Current Portion of Long-term Liabilities: | | | |
| Long-term Debt | 51,574 | 138,151 | 189,725 |
| Accrued Employee Benefits | 7,998 | 13,303 | 21,301 |
| Total Current Liabilities | <u>197,327</u> | <u>168,929</u> | <u>366,256</u> |
| Long-term Liabilities (Less Current Portion): | | | |
| General Obligation Debt | 910,000 | | 910,000 |
| Mortgage Revenue Bonds | | 1,463,700 | 1,463,700 |
| Accrued Employee Benefits | 20,752 | 34,518 | 55,270 |
| Total Long-term Liabilities | <u>930,752</u> | <u>1,498,218</u> | <u>2,428,970</u> |
| Total Liabilities | <u>1,128,079</u> | <u>1,667,147</u> | <u>2,795,226</u> |
| NET ASSETS | | | |
| Invested in Capital Assets, Net of Related Debt | 2,143,258 | 1,935,630 | 4,078,888 |
| Restricted for Asset Replacement | | 137,945 | 137,945 |
| Unrestricted | 754,775 | (452,152) | 302,623 |
| Total Net Assets | <u>2,898,033</u> | <u>1,621,423</u> | <u>4,519,456</u> |
| Total Liabilities and Net Assets | <u>\$4,026,112</u> | <u>\$3,288,570</u> | <u>\$7,314,682</u> |

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For The Year Ended December 31, 2004

| | Business-type Activities - Enterprise Fund | | |
|---|--|---------------------|--------------------|
| | Joint Water and Sewer Utility | | Totals |
| | Water Department | Sewer Department | |
| OPERATING REVENUES: | | | |
| Charges for Services | \$ 331,073 | \$ 572,881 | \$ 903,954 |
| Other Operating Revenues | 16,321 | 2,065 | 18,386 |
| Total Operating Revenues | <u>347,394</u> | <u>574,946</u> | <u>922,340</u> |
| OPERATING EXPENSES: | | | |
| Operation and Maintenance | 199,820 | 420,949 | 620,769 |
| Depreciation | 64,856 | 144,123 | 208,979 |
| Taxes | 47,679 | 10,600 | 58,279 |
| Total Operating Expenses | <u>312,355</u> | <u>575,672</u> | <u>888,027</u> |
| OPERATING INCOME (LOSS) | <u>35,039</u> | <u>(726)</u> | <u>34,313</u> |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Interest Income | 416 | 9,991 | 10,407 |
| Amortization of Debt Discount | (567) | | (567) |
| Interest Expense | (19,459) | (52,981) | (72,440) |
| Total Nonoperating Revenues (Expenses) | <u>(19,610)</u> | <u>(42,990)</u> | <u>(62,600)</u> |
| NET INCOME (LOSS) BEFORE CONTRIBUTIONS | 15,429 | (43,716) | (28,287) |
| CAPITAL CONTRIBUTIONS | <u>477,713</u> | <u>49,903</u> | <u>527,616</u> |
| CHANGE IN NET ASSETS | 493,142 | 6,187 | 499,329 |
| NET ASSETS, JANUARY 1 | <u>2,404,891</u> | <u>1,615,236</u> | <u>4,020,127</u> |
| NET ASSETS, DECEMBER 31 | <u>\$2,898,033</u> | <u>\$1,621,423</u> | <u>\$4,519,456</u> |

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004

| | <u>Business-type Activities - Enterprise Fund</u> | | |
|--|---|---------------------|-------------------|
| | <u>Joint Water and Sewer Utility</u> | | |
| | <u>Water</u> | <u>Sewer</u> | |
| | <u>Department</u> | <u>Department</u> | <u>Totals</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Received from Customers | \$ 224,435 | \$ 576,138 | \$ 800,573 |
| Cash Received from Public Fire Protection | 115,508 | | 115,508 |
| Cash Received (Paid) for Meter Related Charges | 18,847 | (18,847) | - |
| Cash Paid to Suppliers for Goods and Services | (135,412) | (253,122) | (388,534) |
| Cash Paid for Employee Services | (76,803) | (167,880) | (244,683) |
| Cash Paid for Tax Equivalents | (43,266) | | (43,266) |
| Net Cash Provided by Operating Activities | <u>103,309</u> | <u>136,289</u> | <u>239,598</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Cash Paid for Acquisition of Capital Assets | (1,134,888) | (3,953) | (1,138,841) |
| Cash Received from Governmental Grants as Contributed Capital | 338,062 | | 338,062 |
| Cash Received from Utility Customers as Contributed Capital | 7,745 | 4,834 | 12,579 |
| Cash Received from Proceeds of Long-term Debt | 919,000 | | 919,000 |
| Principal Paid on Long-term Debt | (37,824) | (116,195) | (154,019) |
| Interest Paid on Long-term Debt | (17,836) | (46,566) | (64,402) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | <u>74,259</u> | <u>(161,880)</u> | <u>(87,621)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest on Investments | | 1,474 | 1,474 |
| Interest Received on Tax Roll Items | 563 | 1,372 | 1,935 |
| Net Cash Provided by Investing Activities | <u>563</u> | <u>2,846</u> | <u>3,409</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 178,131 | (22,745) | 155,386 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | <u>609,855</u> | <u>(383,156)</u> | <u>226,699</u> |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | <u>\$ 787,986</u> | <u>\$ (405,901)</u> | <u>\$ 382,085</u> |

See accompanying notes to the basic financial statements

| | <u>Business-type Activities - Enterprise Fund</u> | | |
|--|---|---------------------|-------------------|
| | <u>Joint Water and Sewer Utility</u> | | |
| | <u>Water</u> | <u>Sewer</u> | <u>Totals</u> |
| | <u>Department</u> | <u>Department</u> | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | | |
| Operating Income (Loss) | \$ 35,039 | \$ (726) | \$ 34,313 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | |
| Depreciation Accruals | 66,813 | 142,166 | 208,979 |
| Amortization Expense | 12,365 | | 12,365 |
| Changes in Asset and Liability Accounts: | | | |
| Increase in Customer Accounts Receivable | (6,007) | (1,428) | (7,435) |
| Increase in Other Accounts Receivable | | (3,239) | (3,239) |
| Decrease (Increase) in Due from Other Funds | 661 | 2,427 | 3,088 |
| Decrease in Inventory | 406 | 169 | 575 |
| Increase (Decrease) in Accounts Payable | (2,992) | 1,873 | (1,119) |
| Decrease in Accrued Benefits Payable | (2,976) | (4,953) | (7,929) |
| Net Cash Provided by Operating Activities | <u>\$ 103,309</u> | <u>\$ 136,289</u> | <u>\$ 239,598</u> |
| RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS: | | | |
| Cash and Investments per Exhibit 5: | | | |
| Cash and Investments - Unrestricted | \$ 787,986 | \$ (543,846) | \$ 244,140 |
| Cash and Investments - Restricted | - | 137,945 | 137,945 |
| Cash and Cash Equivalents | <u>\$ 787,986</u> | <u>\$ (405,901)</u> | <u>\$ 382,085</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | |
| Long-term Debt Paid Directly by Biosolids Facility: | | | |
| Principal Repaid | \$ - | \$ 17,403 | \$ 17,403 |
| Interest Paid | - | 7,638 | 7,638 |

CITY OF AMERY, WISCONSIN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

| | Private Purpose <u>Trust Fund</u> | Agency <u>Fund</u> |
|------------------------------|---|----------------------------|
| | Fire Department Retirement <u>Fund</u> | Tax Agency |
| ASSETS | | |
| Cash and Investments | \$ 52,265 | \$ 356,312 |
| Taxes Receivable | | <u>2,033,717</u> |
| Total Assets | 52,265 | <u><u>\$ 2,390,029</u></u> |
| LIABILITIES | | |
| Due Other Governments | <u>-</u> | <u><u>\$ 2,390,029</u></u> |
| NET ASSETS | | |
| Held for Retirement Benefits | <u><u>\$ 52,265</u></u> | |

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

| | Private Purpose Trust Fund |
|--------------------------------------|--|
| | <u>Fire Department Retirement Fund</u> |
| ADDITIONS | |
| Interest | \$ 1,163 |
| Transfers from General Fund | <u>5,000</u> |
| Total Additions | 6,163 |
| DEDUCTIONS | |
| Retirement Benefits | <u>-</u> |
| CHANGE IN NET ASSETS | 6,163 |
| NET ASSETS, Beginning of Year | <u>46,102</u> |
| NET ASSETS, End of Year | <u><u>\$ 52,265</u></u> |

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

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For The Year Ended December 31, 2004

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CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS For The Year Ended December 31, 2004

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Amery (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34). In June 2001, GASB issued Statement No. 37, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments - Omnibus* (GASB 37) and Statement No. 38, *Certain Financial Statement Note Disclosures*. Some of the significant changes in these statements include the following:

- For the first time the financial statements include:
 - A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
 - Financial Statements prepared using full accrual accounting for all of the City's activities.
- A change in the fund financial statements to focus on the major funds.

The City was required to present its financial statements in accordance with provisions of the aforementioned statements for the year ending December 31, 2004. Accordingly, the above changes and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

The City of Amery is governed by a mayor/council form of government. The council consists of four members elected from wards with two members elected at-large.

The financial reporting of the City is defined by the GASB to consist 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 the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The basic financial statements of the City consist solely of the primary government and a discretely presented component as described below. The discretely presented component is reported in a separate column in the government-wide financial statements (see below for description) to emphasize that it is legally separate from the government. No other organizations were identified for inclusion in the financial reporting entity of the City.

Redevelopment Authority for the City of Amery. The Redevelopment Authority for the City of Amery (Authority) was organized in 2002 by the City for the purpose of carrying out all blight elimination, slum clearance and urban renewal programs and projects with the City of Amery. The Authority is governed by a seven member board appointed by a 4/5 vote of the City Council. Funding for the Authority through December 31, 2004 consisted of a \$20,000 advance from the City of Amery's general fund and long-term debt proceeds in the amount of \$210,000, both of which were used for the purpose of obtaining property within the City. Financial statements of the Authority for the year ended December 31, 2004 are presented in this report as a governmental fund type discretely presented component unit.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

B. Government-wide and Fund Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds) as described below:

Government-wide Statements

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

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 to a specific function or segment. Program revenues include (a) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the City. It is used to account for all financial resources of the City, except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of governmental funds.

C.D.B.G. Revolving Loan Fund - The C.D.B.G. Revolving Loan Fund, a special revenue fund, is used to account for transactions of the revolving loan fund established in conjunction with Community Development Block Grant funds received by the City in prior years for financing economic development loans. Repayments received by the City on these loans are recorded in the special revenue fund and are to be used to finance similar economic development loans.

Tax Incremental District #6 Fund - The Tax Incremental District #6 (TID #6) Fund, a capital projects fund, is used to account for financial resources to be used for funding project costs and other requirements of TID #6, including repayment of debt incurred to finance project costs.

District Fire Hall Construction Fund - The District Fire Hall Construction Fund, a capital projects fund, is used to account for the City's new fire protection building construction project.

All remaining governmental funds are aggregated and reported as nonmajor funds.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

B. Government-wide and Fund Financial Statements (cont'd.)

Fund Financial Statements (cont'd.)

The City reports the following major enterprise fund:

Joint Water and Sewer Utility - These funds account for the operations of the water system and sewage collection and treatment system. Utility operations are subject to regulation by the Wisconsin Public Service Commission.

The City had no other enterprise funds to report as nonmajor funds.

Additionally, the City reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

The government-wide financial statements, as are the proprietary funds and fiduciary fund financial statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Nonexchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. 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 revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are deemed to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues reported in the governmental funds to be available if they are collected within sixty days after the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, miscellaneous taxes, public charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are generally considered to be measurable and available only when cash is received by the government.

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

C. Measurement Focus and Basis of Accounting (cont'd.)

The City reports deferred revenues on its fund balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it 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 City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not follow subsequent private-sector guidance.

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

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 joint water and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a 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.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

D. Assets, Liabilities, and Net Assets or Equity (cont'd.)

1. Deposits and Investments (cont'd.)

Investment of City funds is restricted by state statutes. Available investments are limited to:

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

Additional restrictions may arise from local charters, ordinances, resolutions and grant resolutions.

Investment of most trust funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

Investments of the City are stated at fair value.

2. Receivables and Payables

Property Taxes. Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach an enforceable lien as of January 1. The resulting tax roll is recorded as receivable by the City at year end with amounts due other governmental units recorded as liabilities in the agency fund. Since City property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred revenues in the funds budgeted therefore.

Real property taxes are payable in full on or before January 31 or, alternatively, if over \$100, can be paid in two equal installments with the first installment payable on or before January 31 and the second installment payable on or before July 31. Personal property taxes and special assessments, special charges (including delinquent utility billings) and special taxes placed on the tax roll are payable in full on or before January 31. All uncollected items on the current tax roll, except delinquent personal property taxes, are turned over to the Polk County Treasurer for collection in February. Polk County subsequently settles in full with the City in August of the same year, including settlement for uncollected delinquent special assessments and special charges. (The County has the option to settle in full for delinquent special assessments and special charges or to remit them to the City as collections are received.) Delinquent personal property taxes are retained by the City for collection. A portion of the general fund balance is reserved for the City's investment in delinquent taxes.

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

D. Assets, Liabilities, and Net Assets or Equity (cont'd.)

2. Receivables and Payables (cont'd.)

Special Assessments. Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2004 tax roll are recognized as revenue in 2005.) Special assessments recorded in proprietary funds and in the government-wide financial statement are recorded as revenue at the time the assessments are subject to collection procedures.

Accounts Receivable. All accounts receivable are shown at gross amounts with uncollectible accounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since such allowance would not be material.

Loans Receivable. The City has received federal and state grant funds for economic development loan programs to various businesses. The City records a loan receivable when the loan has been made and funds have been disbursed. The amounts recorded as business development loans receivable have not been reduced by an allowance for uncollectible accounts. It is the City's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as designated fund balance in the fund financial statements.

Interfund Balances. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds, if material, are recorded as expenditures when consumed rather than when purchased.

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.

4. 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.

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

D. Assets, Liabilities, and Net Assets or Equity (cont'd.)

5. Capital Assets

Government-wide Statements. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. Capital assets are defined by the City as assets with initial, individual costs as shown below and an estimated useful life of two years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Buildings | \$5,000 | Straight-line | 10-50 Years |
| Land Improvements | \$5,000 | Straight-line | 20-30 Years |
| Machinery and Equipment | \$5,000 | Straight-line | 4-25 Years |
| Infrastructure | \$5,000 | Straight-line | 20-50 Years |
| Utility Systems | Varies | Straight-line | 4-100 Years |

Fund Financial Statements. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. Compensated Absences

It is the City's policy to permit employees to accumulate vacation, sick leave and compensatory time off benefits. Liabilities for accumulated vacation, sick leave and compensatory time off are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The City's policies and estimated liabilities at year end are further discussed in Note IV.C.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

D. Assets, Liabilities, and Net Assets or Equity (cont'd.)

8. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. 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 are recorded in the government-wide statements and proprietary fund financial statements as expenses when the related liabilities are incurred. In the governmental fund financial statements, claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated.

10. Equity Classifications

Fund equity, representing the difference between assets and liabilities, is classified as follows in the City's financial statements:

Government-wide Statements. Fund equity is classified as net assets in the government-wide financial statements and is displayed in three components. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement for those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net assets as displayed as unrestricted. When both restricted and unrestricted net assets are available for use, it is the City's policy to use restricted resources first and unrestricted resources next to the extent they are needed.

Fund Financial Statements. Fund equity of governmental funds is classified as fund balance. Reservations of fund balances represent amounts that are not subject to appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The balance of the unreserved fund balance not designated for specific purposes is displayed as undesignated. Fund equity in proprietary funds and fiduciary funds is classified in the same manner as in the government-wide statements.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE II - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

As previously stated in Note I, the City has implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) for the fiscal year ending December 31, 2004. GASB 34 creates a new set of basic financial statements that requires the City to include government-wide financial statements that are prepared on an accrual basis of accounting using the economic resources measurement focus. GASB 34 requires the presentation of reconciliations of governmental fund balances and changes thereto to the net assets and revenues/expenses shown in the government-wide financial statements. These reconciliations are presented in Exhibit 3A and Exhibit 4A, respectively.

NOTE III - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2004 totaled \$1,342,870 as shown in the financial statements as follows:

| | |
|--------------------------------|--------------------|
| Governmental Funds (Exhibit 3) | \$ 552,208 |
| Proprietary Funds (Exhibit 5) | 382,085 |
| Fiduciary Funds (Exhibit 8) | <u>408,577</u> |
| | <u>\$1,342,870</u> |

The above cash and investments balances totaling \$1,342,870 consisted of the following:

| | | |
|---|----------------|--------------------|
| Deposits in Financial Institutions: | | |
| Treasurer's Cash and Investments | \$1,198,138 | |
| Departmental Cash | 6,587 | |
| Restricted Cash and Investments | <u>137,945</u> | \$1,342,670 |
| Petty Cash | | <u>200</u> |
| Total Cash and Investments at December 31, 2004 | | <u>\$1,342,870</u> |

Deposits at Financial Institutions. The City's balances at individual financial institutions were subject to coverage under federal depository insurance and amounts appropriated by Sections 20.144(1)(a) and 34.08 of the Wisconsin Statutes (State Guarantee Fund). Federal depository insurance provides for coverage of up to \$100,000 for time and savings deposits and up to \$100,000 for demand deposits at any institution. In addition, funds held for others (such as trust funds) are subject to coverage under the name of the party for whom the funds are held. Coverage under the State Guarantee Fund may not exceed \$400,000 above the amount of coverage under federal depository insurance at any institution and is limited by the availability of the appropriations authorized therein. (Due to the relatively small size of the State Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.) Also, Section 34.07 of the Wisconsin Statutes authorizes the City to collateralize its deposits that exceed the amount of coverage provided by federal depository insurance and the State Guarantee Fund.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

A. Deposits and Investments (cont'd.)

Deposits at Financial Institutions (cont'd.). The City's coverage on its deposits at financial institutions at December 31, 2004 is summarized below:

| | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--|----------------------------|-------------------------|
| Insured (FDIC) | \$ 193,712 | \$ 193,712 |
| Uninsured: | | |
| Covered under Provisions of State Statutes | 400,000 | 400,000 |
| Collateralized | 500,000 | 500,000 |
| Uncollateralized | <u>248,958</u> | <u>330,930</u> |
| | <u>\$1,342,670</u> | <u>\$1,424,642</u> |

B. Receivables/Deferred Revenues

1. Taxes Receivable

Taxes receivable at December 31, 2004 totaled \$3,276,288 as detailed below:

Current Taxes Receivable:

2004 Tax Roll:

General Property Taxes:

City:

| | | |
|---------------------------|----------------|--|
| General City Taxes | \$ 1,296,325 | |
| Tax Incremental Districts | <u>132,080</u> | |

1,428,405

Other Taxing Districts 2,390,029

Total General Property Taxes 3,818,434

Special Assessments and Special Charges:

Special Assessments and Interest 8,971

Enterprise Fund Charges 15,253

Governmental Funds Charges 4,438

Total 2004 Tax Roll \$ 3,847,096

Less Collections Prior to January 2005 571,259

Net Current Taxes Receivable 3,275,837

Delinquent Taxes Receivable:

Delinquent Personal Property Taxes Held
by City for Collection

451

\$ 3,276,288

Recorded in Governmental Funds \$ 1,227,318

Recorded in Proprietary Funds 15,253

Recorded in Fiduciary Funds 2,033,717

\$ 3,276,288

The 2004 tax roll receivable and collections thereon are accounted for in the fund for which the taxes were levied, except for taxes levied for other governmental units which were recorded in the City's tax agency fund. A portion of the general fund's equity is reserved for the City's investment in delinquent taxes.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

B. Receivables/Deferred Revenues (cont'd.)

2. Other Receivables

Other accounts receivable at December 31, 2004 are further detailed as follows:

| | General <u>Fund</u> | Other Governmental <u>Funds</u> | Enterprise <u>Funds</u> | <u>Totals</u> |
|------------------------------------|------------------------|---------------------------------------|----------------------------|-------------------|
| Special Assessments | \$ 90,918 | \$ - | \$ - | \$ 90,918 |
| Accounts Receivable: | | | | |
| General | 66,634 | | 61 | 66,695 |
| Customers: | | | | |
| Refuse | 31,040 | | | 31,040 |
| Water | | | 52,095 | 52,095 |
| Sewer | | | 133,797 | 133,797 |
| | <u>97,674</u> | - | <u>185,953</u> | <u>283,627</u> |
| Due from Other Governmental Units: | | | | |
| Current Portion of Advance to | | | | |
| Biosolids Facility | | | 19,183 | 19,183 |
| Biosolids Billing Settlement | | | 7,109 | 7,109 |
| Grants: | | | | |
| Water | | | 41,396 | 41,396 |
| | - | - | <u>67,688</u> | <u>67,688</u> |
| Advance to Redevelopment Authority | <u>20,000</u> | - | - | <u>20,000</u> |
| Long-term Receivables: | | | | |
| Business Development Loans | | 271,678 | | 271,678 |
| Advance to Biosolids Facility | | | 214,072 | 214,072 |
| | - | <u>271,678</u> | <u>214,072</u> | <u>485,750</u> |
| Totals | <u>\$ 208,592</u> | <u>\$ 271,678</u> | <u>\$ 467,713</u> | <u>\$ 947,983</u> |

Community Development Block Grant Loans Receivable. The City was awarded two Wisconsin Development (WDF) grants by the State in prior years to finance economic development loans to two businesses. The 1990 WDF grant was for \$200,000 and the 1995 WDF grant was for \$508,000. The original 1990 loan has been totally refunded by the original recipient and is now being used by the City to finance similar loans from a revolving loan fund. The 1995 loan was drawn down in full during 1996 and repayments began in 1997.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

B. Receivables/Deferred Revenues (cont'd.)

2. Other Receivables

Community Development Block Grant Loans Receivable. (cont'd.) At December 31, 2004 the City had outstanding twelve installment loans under the C.D.B.G. program totaling \$271,671. Repayments received on these loans are recognized as revenue by the City when received and are recorded in the revolving loan special revenue fund. The City may retain funds on the 1990 WDF grant, subject to certain limitations and restrictions, for financing future economic development loans. All repayments on the 1995 loan are to be returned to the State of Wisconsin as received by the City. The fund balance of the revolving loan fund at December 31, 2004 was a deficit of \$9,989. Amounts refunded to the State during 2004 totaled \$84,331. During 2003 the City's general fund advanced \$48,698 to the WDF revolving loan fund to cover year end fund deficits. The City anticipates the advance will be repaid in 2004 as loan funds allow.

3. Deferred Revenues

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

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|---|--------------------|---------------------|---------------------|
| 2004 Tax Roll Items: | | | |
| Property Taxes | \$ | \$ 1,428,405 | \$ 1,428,405 |
| Special Assessments: | | | |
| Principal | 5,268 | | 5,268 |
| Interest | 3,703 | | 3,703 |
| Other | 1,131 | | 1,131 |
| Utility Tax Equivalents | 43,266 | | 43,266 |
| Long-term Receivables: | | | |
| Revolving Loan Fund | 271,678 | | 271,678 |
| Deferred Special Assessments | 90,918 | | 90,918 |
| | | | |
| Total Deferred/Unearned Revenue for Governmental Funds | <u>\$ 415,964</u> | <u>\$ 1,428,405</u> | <u>\$ 1,844,369</u> |

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

C. Capital Assets

Capital assets activity for the year ended December 31, 2004 is as follows:

Primary Government:

| | <u>Beginning Balance</u> | <u>Adjustments</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-------------------|------------------|---------------------------|
| Governmental Activities: | | | | | |
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ - | \$ 746,699 | \$ - | \$ - | \$ 746,699 |
| Construction Work in Progress | - | | 29,440 | | 29,440 |
| Total Capital Assets Not Being Depreciated | - | 746,699 | 29,440 | - | 776,139 |
| Capital Assets Being Depreciated: | | | | | |
| Buildings and Improvements | - | 2,001,501 | 572,503 | | 2,574,004 |
| Land Improvements | - | 1,285,807 | | | 1,285,807 |
| Equipment and Vehicles | - | 1,170,338 | 6,550 | | 1,176,888 |
| Infrastructure | - | 1,913,049 | 134,827 | | 2,047,876 |
| Total Capital Assets Being Depreciated | - | 6,370,695 | 713,880 | - | 7,084,575 |
| Total Capital Assets | - | 7,117,394 | 743,320 | - | 7,860,714 |
| Accumulated Depreciation: | | | | | |
| Buildings and Improvements | - | 361,931 | 27,595 | | 389,526 |
| Land Improvements | - | 676,154 | 36,631 | | 712,785 |
| Equipment and Vehicles | - | 649,167 | 69,517 | | 718,684 |
| Infrastructure | - | 406,479 | 58,601 | | 465,080 |
| Total Accumulated Depreciation | - | 2,093,731 | 192,344 | - | 2,286,075 |
| Net Capital Assets - Governmental Activities | \$ - | \$ 5,023,663 | \$ 550,976 | \$ - | \$ 5,574,639 |

All City costs reported in the "Adjustment" column are known capital assets at December 31, 2003 not previously included in the City's financial statements.

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------------|------------------|
| Public Safety | \$ 57,712 |
| Public Works | 122,676 |
| Culture, Recreation and Education | 11,956 |
| | <u>\$192,344</u> |

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

C. Capital Assets (cont'd.)

Primary Government: (cont'd.)

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|-------------------|---------------------------|
| Business-type Activities: | | | | |
| Joint Water and Sewer Utility: | | | | |
| Water Department: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Rights | \$ 3,899 | \$ 4,540 | \$ - | \$ 8,439 |
| Capital Assets Being Depreciated: | | | | |
| Source of Supply | 48,002 | 159,858 | 9,642 | 198,218 |
| Pumping Plant | 122,303 | 164,675 | 16,276 | 270,702 |
| Treatment Plant | 7,552 | | | 7,552 |
| Transmission and Distribution | 2,225,164 | 1,127,117 | 500 | 3,351,781 |
| Administration and General Assets | 81,169 | | | 81,169 |
| Total Capital Assets Being Depreciated | <u>2,484,190</u> | <u>1,451,650</u> | <u>26,418</u> | <u>3,909,422</u> |
| Total Capital Assets | 2,488,089 | 1,456,190 | 26,418 | 3,917,861 |
| Accumulated Depreciation | 776,193 | 66,813 | 29,977 | 813,029 |
| Net Capital Assets - Water Department | <u>\$ 1,711,896</u> | <u>\$ 1,389,377</u> | <u>\$ (3,559)</u> | <u>\$ 3,104,832</u> |
| Sewer Department: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land and Land Rights | \$ 36,340 | \$ - | \$ - | \$ 36,340 |
| Capital Assets Being Depreciated: | | | | |
| Collection System | 1,436,530 | 50,606 | | 1,487,136 |
| Treatment and Disposal Plant | 3,085,069 | | | 3,085,069 |
| Administration and General Assets | 114,282 | | | 114,282 |
| Total Capital Assets Being Depreciated | <u>4,635,881</u> | <u>50,606</u> | <u>-</u> | <u>4,686,487</u> |
| Total Capital Assets | 4,672,221 | 50,606 | - | 4,722,827 |
| Accumulated Depreciation | 1,275,210 | 142,164 | | 1,417,374 |
| Net Capital Assets - Sewer Department | <u>\$ 3,397,011</u> | <u>\$ (91,558)</u> | <u>\$ -</u> | <u>\$ 3,305,453</u> |
| Net Capital Assets - Business-type Activities | <u>\$ 5,108,907</u> | <u>\$ 1,297,819</u> | <u>\$ (3,559)</u> | <u>\$ 6,410,285</u> |

Depreciation expense was charged to business-type activities as follows:

| | |
|-------|------------------|
| Water | \$ 66,813 |
| Sewer | <u>142,164</u> |
| | <u>\$208,977</u> |

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

C. Capital Assets (cont'd.)

Component Unit:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Redevelopment Authority: | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ - | \$ 226,355 | \$ - | \$ 226,355 |

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2004 was as follows:

Advances from/to Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|----------------------------------|-----------------|
| General Fund | CDBG Revolving Loan Fund | \$48,698 |
| General Fund | Tax Incremental District #6 Fund | <u>21,839</u> |
| | | <u>\$70,537</u> |

A long-term general fund advance to the CDBG revolving loan special revenue fund has been recorded in the amount of \$48,698 to reflect the general fund's financing of the year end deficit in that fund. The City anticipates the advance will be repaid in 2005 as funds are available.

A long-term interfund advance was recorded from the City's general fund to its TID #6 fund at December 31, 2004 in the amount of \$21,839 to finance the fund deficit in the fund at that date. It is anticipated this advance will be reduced as tax incremental revenues become available in the TID #6 fund.

Interfund balances that are owed within the governmental activities and business-type activities, if any, are eliminated in the statement of net assets.

Interfund Transfers

The following is a schedule of interfund transfers:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> |
|----------------------------------|--|--------------------|
| Tax Incremental District #5 Fund | Tax Incremental District #4 Fund | \$ 235,043 |
| Debt Service Fund | General Fund | 381,095 |
| Debt Service Fund | Landfill Contamination and Remediation Fund | 25,380 |
| Debt Service Fund | Tax Incremental District #5 Fund | 615,328 |
| Fire Department Retirement Fund | General Fund | <u>5,000</u> |
| | | <u>\$1,261,846</u> |

The amount transferred from the TID #4 fund to TID #5 fund represents excess tax increments authorized to fund TID #5 costs. Amounts transferred to the debt service fund from the funds shown above represent current maturities expected to be financed from revenues of these funds. The general fund annually transfers a budget appropriation to the fire department retirement fund for the associated employee benefit.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

E. Long-term Obligations

Changes in Long-term Obligations

Changes in long-term obligations of the City for the year ended December 31, 2004 were as follows:

| | <u>Balance</u> <u>1/1/04</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u> <u>12/31/04</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|--|---------------------------------|---------------------|---------------------|-----------------------------------|--|
| Primary Government: | | | | | |
| Long-term Debt: | | | | | |
| Governmental Activities: | | | | | |
| General Obligation Notes | \$ 3,024,782 | \$ 1,223,070 | \$ 885,268 | \$ 3,362,584 | \$ 442,831 |
| Business-type Activities: | | | | | |
| General Obligation Notes | 110,798 | 919,000 | 52,650 | 977,148 | 67,148 |
| Mortgage Revenue Bonds | 1,705,051 | | 118,774 | 1,586,277 | 122,577 |
| Total Long-term Debt | <u>\$ 4,840,631</u> | <u>\$ 2,142,070</u> | <u>\$ 1,056,692</u> | <u>\$ 5,926,009</u> | <u>\$ 632,556</u> |
| Other Long-term Obligations: | | | | | |
| Governmental Funds: | | | | | |
| Employee Vacation and Sick Leave Liability | \$ 221,968 | \$ - | \$ 20,843 | \$ 201,125 | \$ 55,948 |
| Unfunded WRS Liability | 14,071 | 1,003 | 1,212 | 13,862 | - |
| Estimated Landfill Postclosure Liability | 232,395 | | 14,285 | 218,110 | - |
| | <u>468,434</u> | <u>1,003</u> | <u>36,340</u> | <u>433,097</u> | <u>55,948</u> |
| Business-type Activities: | | | | | |
| Employee Vacation and Sick Leave Liability | 84,500 | - | 7,929 | 76,571 | 21,301 |
| Total Other Long-term Obligations | <u>\$ 552,934</u> | <u>\$ 1,003</u> | <u>\$ 44,269</u> | <u>\$ 509,668</u> | <u>\$ 77,249</u> |
| Component Unit: | | | | | |
| Bank Mortgage Note | <u>\$ -</u> | <u>\$ 210,000</u> | <u>\$ -</u> | <u>\$ 210,000</u> | <u>\$ -</u> |

The City's estimated liabilities for employee vacation and sick leave are discussed in Note IV.C. The City's estimated liabilities for landfill postclosure costs are discussed in Note IV.F.

General Obligation Long-term Debt

Annual Requirements for Retirement. Individual general obligation long-term debt issues outstanding at December 31, 2004 and annual requirements for their retirement are shown on the following page:

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

E. Long-term Obligations (cont'd.)

General Obligation Long-term Debt (cont'd.)

Annual Requirements for Retirement (cont'd.)

| | <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------|------------------|-----------------|----------------|
| Refunding bonds, \$1,195,000, issued 6/1/95, final installment 12/1/07, interest at 4.20%-5.40% (general fund) | 2005 | \$ 40,000 | \$ 6,090 | \$ 46,090 |
| | 2006 | 40,000 | 4,101 | 44,101 |
| | 2007 | 35,000 | 1,890 | 36,890 |
| | | <u>115,000</u> | <u>12,081</u> | <u>127,081</u> |
| Promissory notes, \$1,610,000, issued 8/16/97, final installment 6/1/07, interest at 4.15%-4.80% (79.90% TID #5, 20.1% general fund - see Schedule F-1) | 2005 | 90,000 | 20,265 | 110,265 |
| | 2006 | 90,000 | 16,035 | 106,035 |
| | 2007 | 245,000 | 5,880 | 250,880 |
| | | <u>425,000</u> | <u>42,180</u> | <u>467,180</u> |
| Landfill remediation promissory notes, Series 2000, \$628,758.12 authorized, \$481,686.54 borrowed, final installment 5/1/20, 0.0% interest (Landfill Contamination Project) | 2005 | 24,459 | | 24,459 |
| | 2006 | 24,459 | | 24,459 |
| | 2007 | 24,459 | | 24,459 |
| | 2008 | 24,459 | | 24,459 |
| | 2009 | 24,459 | | 24,459 |
| | 2010-2014 | 122,293 | | 122,293 |
| | 2015-2019 | 122,293 | | 122,293 |
| 2020 | 24,459 | | 24,459 | |
| | | <u>391,340</u> | <u>-</u> | <u>391,340</u> |
| State trust fund loan, \$190,000, issued 7/19/00, final installment due 3/15/05, interest at 4.75% (General-Dickey Avenue Project) | 2005 | 40,975 | 1,946 | 42,921 |
| | | | | |
| State trust fund loan, \$115,000, issued 1/10/01, final installment due 3/15/05, interest at 5.00% (backhoe, 50% water & 50% sewer) | 2005 | 31,148 | 1,557 | 32,705 |
| | | | | |
| State trust fund loan, \$318,000, issued 7/30/02, final installment due 3/15/09, interest at 4.75% (2001 general fund projects) | 2005 | 42,609 | 10,491 | 53,100 |
| | 2006 | 44,526 | 8,574 | 53,100 |
| | 2007 | 46,530 | 6,570 | 53,100 |
| | 2008 | 48,612 | 4,488 | 53,100 |
| | 2009 | 50,866 | 2,289 | 53,155 |
| | | <u>233,143</u> | <u>32,412</u> | <u>265,555</u> |
| State trust fund loan, \$158,571, issued 3/27/02, and 1/15/03, final installment due 3/15/09, interest at 4.75% (Senior Center repairs) | 2005 | 22,561 | 5,892 | 28,453 |
| | 2006 | 23,633 | 4,820 | 28,453 |
| | 2007 | 24,755 | 3,698 | 28,453 |
| | 2008 | 25,923 | 2,530 | 28,453 |
| | 2009 | 27,181 | 1,291 | 28,472 |
| | <u>124,053</u> | <u>18,231</u> | <u>142,284</u> | |

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

E. Long-term Obligations (cont'd.)

General Obligation Long-term Debt (cont'd.)

Annual Requirements for Retirement (cont'd.)

| | <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---|------------------|---------------------|-------------------|---------------------|
| State trust fund loan, \$24,421, issued 6/16/02, final installment due 3/15/07, interest at 4.00% (fire equipment) | 2005 | \$ 4,828 | \$ 603 | \$ 5,431 |
| | 2006 | 5,021 | 410 | 5,431 |
| | 2007 | 5,224 | 208 | 5,432 |
| | | <u>15,073</u> | <u>1,221</u> | <u>16,294</u> |
| State trust fund loan, \$429,000, issued 10/13/04, final installment due 3/15/19, interest at 5.00% (TID #6 developers agreement) | 2005 | - | - | - |
| | 2006 | 13,772 | 30,441 | 44,213 |
| | 2007 | 23,452 | 20,761 | 44,213 |
| | 2008 | 24,571 | 19,642 | 44,213 |
| | 2009 | 25,853 | 18,360 | 44,213 |
| | 2010-2013 | 341,352 | 100,780 | 442,132 |
| | <u>429,000</u> | <u>189,984</u> | <u>618,984</u> | |
| Promissory notes, \$1,399,000, issued 8/10/03 thru 3/24/04, final installment due 6/1/13, interest at 3.65% (fire hall \$880,000, city shop \$519,000) | 2005 | 78,000 | 49,676 | 127,676 |
| | 2006 | 80,000 | 46,830 | 126,830 |
| | 2007 | 82,000 | 43,910 | 125,910 |
| | 2008 | 84,000 | 40,916 | 124,916 |
| | 2009 | 89,000 | 37,850 | 126,850 |
| | 2010-2013 | 948,000 | 105,868 | 1,053,868 |
| | <u>1,361,000</u> | <u>325,050</u> | <u>1,686,050</u> | |
| Promissory notes, \$969,000, issued 8/20/03 thru 10/14/04, final installment due 6/1/13, interest at 3.65% (water utility improvements) | 2005 | 36,000 | 34,530 | 70,530 |
| | 2006 | 37,000 | 33,215 | 70,215 |
| | 2007 | 38,000 | 31,864 | 69,864 |
| | 2008 | 39,000 | 30,477 | 69,477 |
| | 2009 | 41,000 | 29,054 | 70,054 |
| | 2010-2013 | 755,000 | 89,388 | 844,388 |
| | <u>946,000</u> | <u>248,528</u> | <u>1,194,528</u> | |
| Promissory notes, \$228,000, issued 12/30/04, final installment due 6/1/11, interest at 4.00% (public works building, equipment and Bridge Street) | 2005 | 33,318 | 3,823 | 37,141 |
| | 2006 | 29,353 | 7,787 | 37,140 |
| | 2007 | 30,527 | 6,613 | 37,140 |
| | 2008 | 31,734 | 5,407 | 37,141 |
| | 2009 | 33,018 | 4,123 | 37,141 |
| | 2010-2011 | 70,050 | 4,230 | 74,280 |
| | <u>228,000</u> | <u>31,983</u> | <u>259,983</u> | |
| Total General Obligation Debt | | <u>\$ 4,339,732</u> | <u>\$ 905,173</u> | <u>\$ 5,244,905</u> |

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

E. Long-term Obligations (cont'd.)

General Obligation Long-term Debt (cont'd.)

Annual Requirements for Retirement (cont'd.) The foregoing annual requirements for retirement of general obligation debt issues are summarized by expected funding sources as follows:

| Year | General Fund | TIF #5 | TIF#6 | Water and Sewer Utility | Total |
|-----------|---------------------|-------------------|-------------------|-------------------------------|---------------------|
| 2005 | \$ 428,109 | \$ 47,427 | \$ - | \$ 103,235 | \$ 578,771 |
| 2006 | 379,676 | 45,782 | 44,213 | 70,215 | 539,886 |
| 2007 | 367,704 | 194,560 | 44,213 | 69,864 | 676,341 |
| 2008 | 268,069 | | 44,213 | 69,477 | 381,759 |
| 2009 | 270,077 | | 44,213 | 70,054 | 384,344 |
| 2010-2014 | 1,250,441 | | 442,132 | 844,388 | 2,536,961 |
| 2015-2019 | 122,293 | | | | 122,293 |
| 2010 | 24,459 | | | | 24,459 |
| | <u>\$ 3,110,828</u> | <u>\$ 287,769</u> | <u>\$ 618,984</u> | <u>\$ 1,227,233</u> | <u>\$ 5,244,814</u> |

A repayment schedule for the general obligation debt issue payable from multiple sources (note dated August 16, 1997) is presented in supplementary Schedule F-1.

Funding for Debt Retirement. Installments on the state trust fund loans and promissory notes used to finance project expenditures of the City's tax incremental districts are to be financed from those funds. Such funding is dependent upon the amount of funds available in the tax incremental districts.

Repayments on general obligation notes included in the joint water and sewer utility enterprise fund are recorded within that fund. It is anticipated the operating revenues of the utility will provide sufficient revenues to offset all required principal and interest maturities on the general obligation notes include therein.

General Obligation Debt Limit. Section 67.03 of the Wisconsin Statutes restricts general obligation debt to 5% of the equalized value of all property in the City. At December 31, 2004, the City's debt limit amounted to \$8,554,455 and indebtedness subject to the limitation totaled \$4,339,732.

Mortgage Revenue Bonds

Outstanding mortgage revenue bonds of the City totaled \$1,586,277 at December 31, 2004. The City's full faith and credit do not back the mortgage revenue bonds which are instead backed only by the assets and revenues of the enterprise fund. Outstanding revenue bond issues at December 31, 2004 consisted of two sewerage system mortgage revenue bond issues issued to the State of Wisconsin under the Clean Water Fund Financial Assistance program as described below:

Sewerage System Revenue Bonds Series 1995. The City authorized the issuance of \$2,076,057 of revenue bonds on October 2, 1995 to the State of Wisconsin through its Clean Water Fund program to fund renovation of its wastewater treatment plant. The City has borrowed \$2,072,891 from the State under this loan authorization. Principal is payable annually on May 1, through the year 2015 and interest is payable semiannually on May and November 1 at an annual rate of 3.206%. The outstanding balance on the bond issue at December 31, 2004 was \$1,354,249.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

E. Long-term Obligations (cont'd.)

Mortgage Revenue Bonds (cont'd)

Annual requirements for its retirement are shown below:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2005 | \$ 104,621 | \$ 41,740 | \$ 146,361 |
| 2006 | 107,976 | 38,333 | 146,309 |
| 2007 | 111,437 | 34,815 | 146,252 |
| 2008 | 115,010 | 31,185 | 146,195 |
| 2009 | 118,697 | 27,439 | 146,136 |
| 2010-2015 | 796,508 | 78,957 | 875,465 |
| | <u>\$ 1,354,249</u> | <u>\$ 252,469</u> | <u>\$ 1,606,718</u> |

The City resolution authorizing the 1995 revenue bonds requires the segregation of sewer revenues into the following separate accounts:

- Revenue Fund**, to initially hold revenues received which are then to be allocated to funds described below.
- Operation and Maintenance Fund**, to be used to pay current expenses.
- Debt Service Fund**, to be used for the payment of the principal and interest on bonds.
- Surplus Fund**, to be used to remedy any deficiency in the above funds or for any other lawful purpose.

The above accounts had not been established in the utility as of December 31, 2004. Principal and interest on the debt is paid directly from utility operating accounts when due.

Sewerage System Revenue Bonds Series 1995A. In 1995 the City also authorized the issuance of \$354,703 of revenue bonds to the State to fund its share of costs associated with the construction of the West Central Wisconsin Biosolids Facility (hereafter Facility - also, see Note IV.E). These funds were paid directly to the Facility to fund construction costs. Principal is payable annually on May 1 through the year 2015 and interest is payable semiannually on May 1 and November 1 at an annual rate of 3.173%. Principal and interest installments are being paid directly by the Facility. Accordingly, a receivable has been recorded in the City's utility enterprise fund equal to the outstanding revenue bonds at year end which totaled \$232,028. Future annual requirements for retirement of the revenue bonds at December 31, 2004 were as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|-------------------|------------------|-------------------|
| 2005 | \$ 17,956 | \$ 7,077 | \$ 25,033 |
| 2006 | 18,525 | 6,498 | 25,023 |
| 2007 | 19,113 | 5,901 | 25,014 |
| 2008 | 19,720 | 5,285 | 25,005 |
| 2009 | 20,345 | 4,650 | 24,995 |
| 2010-2015 | 136,369 | 13,376 | 149,745 |
| | <u>\$ 232,028</u> | <u>\$ 42,787</u> | <u>\$ 274,815</u> |

The separate accounts called for in the resolution authorizing bonds issued to finance the City's share of the biosolids facility construction costs are maintained by the Facility as authorized by the State.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

E. Long-term Obligations (cont'd.)

Component Unit

The Redevelopment Authority for the City of Amery issued a bank promissory note in the amount of \$210,000 for the purchase of real estate within the City of Amery to be used for future development. Future proceeds from the sale of the real estate will be applied to retire the promissory note. Interest is to be accrued on the note at 2.89% from January 5, 2004 through January 5, 2005, and at 4.14% subsequent to January 5, 2005. The promissory note is scheduled to come due July 5, 2005.

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2004 consisted of the following:

| | <u>Total</u> | <u>Reserved</u> | <u>Designated</u> | <u>Undesignated</u> |
|--|-------------------|-------------------|-------------------|---------------------|
| Major Funds: | | | | |
| General Fund | \$ (90,592) | \$ | \$ | \$ |
| Reserved for Delinquent Taxes | | 451 | | |
| Reserved for Interfund Advances | | 70,537 | | |
| Designated (supplementary Schedule B-1) | | | 53,225 | |
| Undesignated | | | | (214,805) |
| CDBG Revolving Loan Fund | (9,898) | | | (9,898) |
| Tax Incremental District #6 Fund | (21,839) | | | (21,839) |
| District Fire Hall Construction Fund | 8,364 | | 8,364 | |
| Nonmajor Funds: | | | | |
| Landfill Contamination and Remediation Fund | 347,547 | | 347,547 | |
| Library Fund | 40,306 | | 40,306 | |
| Tax Incremental District #4 Fund | - | | | |
| Tax Incremental District #5 Fund | 30,197 | | 30,197 | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Governmental Fund Balances at December 31, 2004 | <u>\$ 304,085</u> | <u>\$ 70,988</u> | <u>\$ 479,639</u> | <u>\$ (246,542)</u> |

G. Tax Incremental Districts

The City had created five tax incremental financing districts (TIF districts or TIDs) 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.

At the dates of the creation of the districts, the statutes provided that no project costs could be expended later than seven years after the creation date of the district. The statutes further allowed the municipality to collect tax increments for sixteen years after the last project expenditure was made or until the net project cost of the district had been recovered, whichever occurred first.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

G. Tax Incremental Districts (cont'd.)

The State enacted several changes relating to tax incremental districts in 2004. One of these changes extended 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 had reached the end of its expenditure period prior to October 1, 2004, it allowed a municipality to expend additional project costs included in the project plan (subject to certain conditions). Project costs uncollected at the dissolution date are absorbed by the municipality.

The City had terminated TID #2 and TID #3 during 2001 with closeout of the funds at December 31, 2001, and TID #4 was terminated in 2004. TID #5 and TID #6 were still in existence at December 31, 2004. The resolution creating TID #4 was dated September 30, 1986, and the resolution creating TID #5 was dated September 28, 1992. The project plans, on file in the office of the City Administrator, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components.

Transactions of TID #5 and TID #6 are accounted for in capital projects funds. Transactions of TID #4 were accounted for in a special revenue fund. Project expenditures through December 31, 2004 have been financed by a combination of long-term notes and long-term advances from the City's general fund. Accumulated project costs and revenues of the districts through December 31, 2004 are summarized as follows:

| | <u>TID #4</u> | <u>TID #5</u> | <u>TID #6</u> |
|--|------------------|-------------------|-------------------|
| Accumulated Project Costs (from Inception to 12/31/04): | | | |
| Projects Costs | \$ 1,082,406 | \$ 1,998,564 | \$ 543,404 |
| Debt Costs: | | | |
| Interest and Fiscal Charges on Debt | 352,049 | 517,065 | 8,945 |
| Interest on Advances from General Fund | 17,684 | 30,430 | |
| Transfer of Excess Increments to Other TIDs | 891,941 | | |
| Total Project Costs | <u>2,344,080</u> | <u>2,546,059</u> | <u>552,349</u> |
| Accumulated Project Revenues: | | | |
| Tax Increments | 2,322,273 | 988,103 | |
| Intergovernmental Grants | | 215,842 | 101,510 |
| Interest Revenues | 21,807 | 7,211 | |
| Sale of Land | | 276,880 | |
| Transfer of Excess Increments from TID #4 | | 828,220 | |
| Total Project Revenues | <u>2,344,080</u> | <u>2,316,256</u> | <u>101,510</u> |
| Future Project Revenues Necessary to Recover Net Costs to Date | <u>\$ -</u> | <u>\$ 229,803</u> | <u>\$ 450,839</u> |

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

G. Tax Incremental Districts (cont'd.)

The preceding summaries of transactions are reconciled to the fund balances in TIF districts at December 31, 2004 as follows:

| | <u>TID #4</u> | <u>TID #5</u> | <u>TID #6</u> |
|--|---------------|------------------|--------------------|
| Outstanding Long-term Indebtedness at 12/31/04 | \$ - | \$ 260,000 | \$ 429,000 |
| Less Unrecovered Project Costs Above | <u>-</u> | <u>(229,803)</u> | <u>(450,839)</u> |
| Fund Balance (Deficit) December 31, 2004 | <u>\$ -</u> | <u>\$ 30,197</u> | <u>\$ (21,839)</u> |

H. Restatement of Fund Balances/Net Assets

Governmental Funds

The implementation of GASB 34 resulted in the need to restate prior year ending balances. The following adjustments were necessary:

| | | |
|--|--------------------|---------------------|
| Total equity and other credits reported at December 31, 2003 | | \$ 4,660,825 |
| Less: Enterprise funds' retained earnings and contributed capital | \$ 4,104,627 | |
| Trust and agency fund balances | <u>46,102</u> | <u>(4,150,729)</u> |
| Beginning fund balances reported in governmental fund statement of revenues, expenditures and changes in fund balances (Exhibit 4) | | 510,096 |
| Adjustments for determination of beginning net assets for governmental activities for statement of activities: | | |
| Capital assets at January 1 2004: | | |
| Land | 746,699 | |
| Infrastructure | 1,913,049 | |
| Other | 4,457,646 | |
| Accumulated depreciation | <u>(2,093,731)</u> | 5,023,663 |
| Deferred revenues of governmental funds at December 31, 2003 considered earned but not available | 665,067 | |
| Less CDBG revolving loan written off as of January 1, 2004 | <u>(100,911)</u> | 564,156 |
| Long-term obligations and related items at January 1, 2004: | | |
| General obligation debt | 3,024,782 | |
| Accrued interest on general obligation debt | 34,867 | |
| Accrued vacation, sick leave and compensatory time off liability | 221,968 | |
| Unfunded WRS liability | 14,071 | |
| Estimated landfill postclosure liability | <u>232,395</u> | <u>(3,528,083)</u> |
| Beginning net assets reported on the statement of activities for governmental funds (Exhibit 2) | | <u>\$ 2,569,832</u> |

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

NOTE III - DETAILED NOTES ON ALL FUNDS (cont'd.)

H. Restatement of Fund Balances/Net Assets (cont'd.)

Proprietary Funds

Net assets of the joint water and sewer utility at January 1, 2004 were adjusted by \$84,500 to include the estimated liability for accrued employee benefits at that date not previously recorded in the fund's financial statements at December 31, 2003.

IV. OTHER INFORMATION

A. Employee Retirement Plan

All eligible City of Amery employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year (440 for teachers) are eligible to participate in the WRS. Covered employees in the general/teacher category are required by statute to contribute 5.6% of their salary (2.6% for executives and elected officials, 4.5% for protective occupations with social security, and 3.2% for protective occupations without social security) to the plan. Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the WRS for the year ended December 31, 2004 was \$911,153; the employer's total payroll was \$1,043,364. The total required contribution for the year ended December 31, 2004 was \$103,227, which consisted of \$55,535, or 6.1% of payroll from the employer and \$47,692, or 5.2% of payroll from employees. Total contributions for the years ending December 31, 2003 and 2002 were \$91,108 and \$82,598, respectively, equal to the required contributions for each year.

The City's pension related debt at December 31, 2004 (the unfunded actuarial accrued liability for prior service costs) was \$13,862. This debt is being amortized over a 40-year period beginning January 1, 1990 with interest annually accrued on the outstanding balance at year-end. The interest rate for 2004 was 7.8%.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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. Final average earnings is the average of the employees' three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

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

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS For The Year Ended December 31, 2004

IV. OTHER INFORMATION (cont'd.)

B. Fire Department Retirement Fund

The City established a retirement plan in 1991 for the benefit of members in good standing of the City of Amery Fire Department. The purpose of the Plan is to reward firefighters who have five years or more of service with the Department and particularly those firemen who put more time in firefighting. It is administered by three firefighters chosen by the Department and approved by the City Council.

The Plan is funded by annual contributions from the City as determined annually by the City Council. Transactions of the Plan are accounted for in a private purpose trust fund by the City. The balance in the fund at December 31, 2004 was \$52,265. A total of thirty-six (36) firefighters had a vested interest in the Plan at that date.

C. Vacation, Sick Leave and Compensatory Time Off Liabilities

It is the City's policy to permit employees to accumulate vacation, sick leave and compensatory time off benefits. Vacation is granted to employees in varying amounts based on length of service and terms of employment. Employees earn thirteen (13) sick days per calendar year, with two sick days being credited each January and one day per month for the balance of the year with a maximum accumulation of two hundred-forty days. Upon retirement, if an employee has thirty or more days of sick leave accumulated, the employee shall receive a payout of 50% of the value, or has the option to convert the same 50% value to payment of future health insurance premiums. (Police represented employees convert the sick leave balance at a rate of 80% of the value.) To be eligible for the maximum benefit, an employee must retire at an age determined by the Wisconsin Retirement System, or is forced to retire pursuant to a duty related injury or illness. The City also allows the employee to carry compensatory time off (time off in lieu of immediate overtime pay in cash, at rate of not less than one and one-half for each hour of overtime worked).

Liabilities for accumulated vacation, sick leave and compensatory time are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The estimated liabilities for unused vacation, sick leave and compensatory time payable from governmental funds at December 31, 2004 were \$201,125. The estimated liabilities in the proprietary funds at that date were \$76,571.

D. District Fire Hall Construction

During 2004 the City completed construction of a new fire hall building. Project costs included site preparation and the razing of an existing building on the site. Project costs and related financing have been recorded in the City's "District Fire Hall Construction" capital projects fund. Project costs incurred by the City through December 31, 2004 totaled \$1,494,150. Financing for the project included a private donation of \$500,149, a State Brownfield Grant of \$122,300 and proceeds of long-term debt. Repayment of the long-term debt is expected to be funded with revenues from the fire districts' participating municipalities (including the City). Past participation in funding fire district costs has been the City of Amery at 34%, Town of Lincoln at 47%, Town of Blackbrook at 10% and Town of Alden at 9%.

E. Participation in Biosolids Facility

The City is a participating member of the West Central Wisconsin Biosolids Facility (Facility), a facility jointly constructed by eleven Wisconsin communities to provide for the treatment, storage and disposal of biosolids (sludge). The communities have created a commission pursuant to Section 66.30 of the Wisconsin Statutes to administer the Facility with said commission to operate as a governmental body under Section 19.82(1) of the Statutes. Costs of operation of the Facility are to be recovered from users of the Facility (both members and nonmembers) based on usage.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

IV. OTHER INFORMATION (cont'd.)

E. Participation in Biosolids Facility (cont'd.)

Pursuant to an agreement establishing the City's participation in the Facility, the City was required to provide initial funding for its share of the start-up and construction costs of the Facility. Accordingly, the City authorized the issuance of \$354,703 of mortgage revenue bonds to the State of Wisconsin under the Clean Water Fund Financial Assistance Program to fund its share of the costs (see also Note III E). Proceeds of the debt were remitted directly to the Facility. The Facility is expected to fund repayment of the debt and to recover the costs thereof through user charges. The outstanding debt at December 31 2004 totaling \$232,028 is reflected in the sewer department of the City's enterprise fund. A receivable from the Facility equal to the outstanding debt and related accrued interest of \$1,227 was also recorded therein since the debt is to be funded by the Facility. The total receivable of \$233,255 at December 31 2004 was classified as \$19,183 current and \$214,072 long-term in the utility's year end statement of net assets.

F. Landfill Closure and Postclosure Costs

The City is primarily responsible for closure and postclosure costs relating to a landfill site owned by the City. The City had been notified by the Wisconsin Department of Natural Resources (WDNR) of the existence of contaminated groundwater beneath and migrating from the landfill site.

The landfill site, owned by the City since the 1950's, served as a waste disposal location for the residences, businesses and industries of the City and the Towns of Lincoln, Blackbrook and Garfield. Disposal of municipal and industrial waste continued at the site until 1986, at which time a 3.6 acre area was capped in accordance with an approved WDNR closure plan. Demolition materials were accepted at the site until 1989 when the final cover was completed over the area as approved by WDNR in 1991. In 1994 the City extended municipal water service to residents of an addition within the City where tests of private wells revealed the presence of contaminants that exceeded state guidelines.

In further response to the demands of WDNR, the City developed a preliminary remedial action plan (RAP) which was conditionally approved by WDNR in February 1999, and construction began on a landfill cap in 1999. During 2000 construction was completed with total project costs at \$784,449. As required, the City began monitoring groundwater quality and landfill gases at the site in 2000. All costs are recorded in the City's Landfill Contamination and Remediation special revenue fund. The remedial action plan also includes future monitoring costs which were estimated at \$329,700 at December 31, 1999. The reported estimated costs at December 31, 2004 were \$218,110 (the estimated costs at December 31, 1999 reduced by monitoring costs incurred from December 31, 1999 through December 31, 2004). This amount is included in the governmental funds long-term liabilities in the City's statement of net assets at December 31, 2004. To assist in defraying the costs of this matter, the City is participating in the Wisconsin Municipal Negotiation/Cost Recovery Process as described in Section 292.35 of the Wisconsin Statutes. Through this process, the City secured a grant from WDNR in 1999 in the amount of \$339,500. In June 1999, the City submitted Offers to Settle to various identified parties that contributed wastes to the landfill totaling an additional \$575,000 of settlement demands. Through December 31, 2004 the City had received settlements from public and intergovernmental sources in the amounts of \$487,127 and \$52,995, respectively. These collections and loan proceeds have been recorded in the special revenue fund referred to above. The balance in that fund at December 31, 2004 totaled \$347,547 and is expected to be used to defray future costs related to the landfill. The City also authorized the sale of up to \$628,758 in General Obligation Land Remediation promissory notes, Series 2000, through the Wisconsin Department of Natural Resources Land Recycling Loan program. Through December 31, 2004 the City had drawn down \$481,687 of the authorized loan.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2004**

IV. OTHER INFORMATION (cont'd.)

G. Golf Club

Golf Club Lease Agreement. On September 1, 1999 the City renewed a lease agreement with the Amery Golf Club, Inc. for the lease of land presently owned by the City and used exclusively by the Amery Golf Club. The term of the new lease is for twenty years effective January 1, 1999 with annual rental computed as follows:

- a. The annual sum of \$10. (The total 20 year requirement was paid by the Golf Club, Inc. in 1999)
- b. Any and all payments required by the Bremer Bank of Amery, Wisconsin or its assignee on a loan of approximately \$625,000.

At December 31, 2004, the City had no outstanding debt subject to collection from the Golf Club.

Other Borrowing. During 1989, the City Council passed a resolution authorizing golf course property to be pledged as collateral for a first mortgage note to be executed by the Golf Club in an amount not to exceed \$625,000. The City is not liable on the first mortgage note, except to the extent of the real estate pledged as collateral on the note. In the event the Golf Club defaults on the note, the pledged property may be subject to foreclosure. The City had an agreement with the Golf Club and mortgage holder to apply any proceeds of sales of golf course land by the City to the Golf Club loan. The City received proceeds from the land sales in 1998 and 1999 in the amounts of \$5,000 and \$45,000, respectively, and applied those proceeds to the Golf Club loan at Bremer Bank in 1999.

H. Utility Rate Increase

Joint Water and Sewer Utility

On May 10, 2004 the Wisconsin Public Service Commission granted the City's joint water and sewer utility a user charge rate increase. The rate increase was established to provide the joint utility with a 7.00% return on rate base and operating revenues of the water utility and sewer utility were expected to increase in the amounts of \$33,379 and \$37,859, respectively. The rate increase was effective July 1, 2004.

I. Risk Management

The City is exposed to various risks of loss related to torts; theft of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City.

The City is defendant in several notices of claims and other litigation matters. These matters have been referred to the City's appropriate insurance carriers. An estimate of the City's net exposure (liability after insurance coverage) is not reasonably determinable.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMERY, WISCONSIN

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2004**

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$1,198,300 | \$1,198,300 | \$1,196,293 | \$ (2,007) |
| Special Assessments | 7,815 | 7,815 | 36,436 | 28,621 |
| Intergovernmental | 870,699 | 1,074,367 | 1,093,867 | 19,500 |
| Licenses and Permits | 34,760 | 34,760 | 68,160 | 33,400 |
| Fines and Forfeits | 39,000 | 39,000 | 37,817 | (1,183) |
| Public Charges for Services | 19,600 | 155,203 | 160,599 | 5,396 |
| Intergovernmental Charges for Services | 122,332 | 128,463 | 152,190 | 23,727 |
| Miscellaneous: | | | | |
| Interest | 13,864 | 13,864 | 12,509 | (1,355) |
| Rent | 3,600 | 3,600 | 6,708 | 3,108 |
| Sale of Village Property | 51,200 | 51,200 | 15,193 | (36,007) |
| Donations | | | 145 | 145 |
| Other | 2,000 | 2,000 | 5,947 | 3,947 |
| Total Revenues | <u>2,363,170</u> | <u>2,708,572</u> | <u>2,785,864</u> | <u>77,292</u> |
| EXPENDITURES: | | | | |
| General Government | 385,069 | 385,069 | 461,778 | (76,709) |
| Public Safety | 828,540 | 962,255 | 1,028,663 | (66,408) |
| Public Works | 654,711 | 987,711 | 1,066,828 | (79,117) |
| Health and Human Services | 1,200 | 1,200 | 1,827 | (627) |
| Culture, Recreation and Education | 127,249 | 127,249 | 118,953 | 8,296 |
| Conservation and Development | 16,500 | 26,500 | 13,389 | 13,111 |
| Debt Service | 2,000 | 2,000 | 1,166 | 834 |
| Total Expenditures | <u>2,015,269</u> | <u>2,491,984</u> | <u>2,692,604</u> | <u>(200,620)</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>347,901</u> | <u>216,588</u> | <u>93,260</u> | <u>(123,328)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Long-term Debt Issued | | 104,532 | 420,150 | 315,618 |
| Transfers Out | (347,901) | (347,901) | (386,095) | (38,194) |
| Total Other Financing Sources (Uses) | <u>(347,901)</u> | <u>(243,369)</u> | <u>34,055</u> | <u>277,424</u> |
| NET CHANGE IN FUND BALANCE | - | (26,781) | 127,315 | 154,096 |
| FUND BALANCE, JANUARY 1 | <u>85,238</u> | <u>(217,907)</u> | <u>(217,907)</u> | <u>-</u> |
| FUND BALANCE, DECEMBER 31 | <u>\$ 85,238</u> | <u>\$ (244,688)</u> | <u>\$ (90,592)</u> | <u>\$ 154,096</u> |

CITY OF AMERY, WISCONSIN

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended December 31, 2004**

Budgetary Information

GASB 34 requires the presentation of budgetary comparison schedules for the general fund and for each major special revenue funds. The City did not formally adopt a budget for its CDBG Revolving Loan special revenue fund. Budgetary information is derived from the City's annual operating budget.

The City's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes and on a basis consistent with generally accepted accounting principles. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. The City's legal budget is adopted at the major function level in the general fund (i.e. general government) and at the fund level in all other funds. The City exercises budgetary expenditure control at the department level.

Budget amounts in the financial statements include both original adopted budget and the final budget. Changes to the budget during the year, if any, generally include amendments authorized by the governing body, additions of approved carryover amounts and appropriations of revenues and other sources for specified expenditures/uses. Appropriated budget amounts in the general fund lapse at the end of the year unless specifically carried over for financing subsequent year expenditures.

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS

SCHEDULE A-1

CITY OF AMERY, WISCONSIN
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 For The Year Ended December 31, 2004

| | Special Revenue Funds | | | | Total Special Revenue Funds | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|--------------------------------------|--|------------|-----------------------------------|------------------------------|--------------------------------------|------------------------------|-----------------------------------|--|
| | Landfill Contamination & Remediation | Library | Tax Incremental District #4 | Tax Incremental TID #5 | | Tax Incremental TID #5 | Nonmajor Governmental Funds | |
| ASSETS | | | | | | | | |
| Cash and Investments | \$ 347,926 | \$ 69,961 | \$ 630 | \$ 50,607 | \$ 418,517 | \$ 50,607 | \$ 469,124 | |
| Taxes Receivable | | 165,504 | | 112,390 | 165,504 | 112,390 | 277,894 | |
| Deferred Charges | | 2,478 | | | 2,478 | | 2,478 | |
| Total Assets | \$ 347,926 | \$ 237,943 | \$ 630 | \$ 162,997 | \$ 586,499 | \$ 162,997 | \$ 749,496 | |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Vouchers Payable | \$ 379 | \$ 3,137 | \$ 630 | \$ 720 | \$ 4,146 | \$ 720 | \$ 4,866 | |
| Deferred Revenues | | 194,500 | | 132,080 | 194,500 | 132,080 | 326,580 | |
| Total Liabilities | 379 | 197,637 | 630 | 132,800 | 198,646 | 132,800 | 331,446 | |
| Fund Balances: | | | | | | | | |
| Designated for Fund Purpose | 347,547 | 40,306 | - | 30,197 | 387,853 | 30,197 | 418,050 | |
| Total Liabilities and Fund Balances | \$ 347,926 | \$ 237,943 | \$ 630 | \$ 162,997 | \$ 586,499 | \$ 162,997 | \$ 749,496 | |

**CITY OF AMERY, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For The Year Ended December 31, 2004**

| | Special Revenues Funds | | | Capital Projects Fund | | Total Nonmajor Governmental Funds |
|--|--------------------------------------|------------|------------------------|-----------------------|------------------------|-----------------------------------|
| | Landfill Contamination & Remediation | Library | Tax Incremental TID #4 | Special Revenue Funds | Tax Incremental TID #5 | |
| REVENUES: | | | | | | |
| General Property Taxes | \$ | \$ 180,132 | \$ | \$ 180,132 | \$ | \$ 180,132 |
| Tax Increments | | | 235,673 | 235,673 | 143,452 | 379,125 |
| Intergovernmental | | 107,040 | | 107,040 | | 107,040 |
| Miscellaneous: | | | | | | |
| Interest on Investments | 96 | 146 | | 242 | 2,157 | 2,399 |
| Total Revenues | 96 | 287,318 | 235,673 | 523,087 | 145,609 | 668,696 |
| EXPENDITURES: | | | | | | |
| Sanitation | 14,785 | | | 14,785 | | 14,785 |
| Culture, Recreation and Education | | 280,839 | | 280,839 | | 280,839 |
| Conservation and Development | | | 630 | 630 | 720 | 1,350 |
| Total Expenditures | 14,785 | 280,839 | 630 | 296,254 | 720 | 296,974 |
| Excess (Deficiency) of Revenues Over Expenditures | (14,689) | 6,479 | 235,043 | 226,833 | 144,889 | 371,722 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Long-term Debt Issued | 17,070 | | | 17,070 | | 17,070 |
| Transfers from Special Revenue Fund | | | | | 235,043 | 235,043 |
| Transfer to Debt Service Fund | (25,380) | | | (25,380) | (615,328) | (640,708) |
| Transfer to Capital Projects Fund | | | (235,043) | (235,043) | | (235,043) |
| Total Other Financing Sources (Uses) | (8,310) | - | (235,043) | (243,353) | (380,285) | (623,638) |
| NET CHANGE IN FUND BALANCES | (22,999) | 6,479 | - | (16,520) | (235,396) | (251,916) |
| FUND BALANCES, JANUARY 1 | 370,546 | 33,827 | - | 404,373 | 265,593 | 669,966 |
| FUND BALANCES, DECEMBER 31 | \$ 347,547 | \$ 40,306 | \$ - | \$ 387,853 | \$ 30,197 | \$ 418,050 |

SCHEDULE B-1

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED BALANCE SHEETS
December 31, 2004 and 2003**

| | <u>12/31/04</u> | <u>12/31/03</u> |
|---|-----------------------------|-----------------------------|
| ASSETS | | |
| Treasurer's Cash and Investments | \$ 28,883 | \$ (280,311) |
| Departmental Cash - Courts | 6,587 | 7,505 |
| Petty Cash | 200 | 200 |
| Taxes Receivable | 948,973 | 1,102,721 |
| Delinquent Personal Property Taxes Receivable | 451 | |
| Special Assessments Receivable | 90,918 | 124,908 |
| Refuse Accounts Receivable | 31,040 | 30,937 |
| Other Accounts Receivable | 66,634 | 97,546 |
| Advance to Redevelopment Authority | 20,000 | 20,000 |
| Advances to Other Funds: | | |
| CDBG Revolving Loan Fund | 48,698 | 48,698 |
| Tax Incremental District #6 Fund | 21,839 | |
| | <u> </u> | <u> </u> |
| Total Assets | <u>\$1,264,223</u> | <u>\$1,152,204</u> |
| LIABILITIES AND FUND BALANCE | | |
| Liabilities: | | |
| Vouchers and Accounts Payable | \$ 83,388 | \$ 75,035 |
| Payroll Withholdings | 1,011 | 2,244 |
| Court Penalties Due State/County | 1,522 | 1,682 |
| Mobile Home Fees Due Schools | 16,196 | 14,760 |
| Deferred Revenues: | | |
| Tax Roll Items: | | |
| General Property Taxes | 1,101,825 | 1,082,400 |
| Special Assessments - Principal | 5,268 | 7,713 |
| Special Assessments - Interest | 3,703 | 5,534 |
| Other Items | 1,131 | 2,252 |
| Utility Tax Equivalent | 43,266 | 46,078 |
| Deferred Special Assessments | 90,918 | 124,908 |
| Special Deposits: | | |
| Municipal Court Cash | 6,587 | 7,505 |
| Total Liabilities | <u>1,354,815</u> | <u>1,370,111</u> |
| Fund Balance: | | |
| Reserved for: | | |
| Delinquent Taxes | 451 | |
| Advances to Other Funds | 70,537 | 48,698 |
| Designated: | | |
| Police Vehicles | 7,226 | 26,781 |
| Machinery Purchases | 42,447 | 41,818 |
| Park Dedication | 3,552 | 3,534 |
| Undesignated (Deficit) | (214,805) | (338,738) |
| Total Fund Balance | <u>(90,592)</u> | <u>(217,907)</u> |
| | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balance | <u>\$1,264,223</u> | <u>\$1,152,204</u> |

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2004
With Comparative Actual Amounts For The Year Ended December 31, 2003**

| | 2004 | | | Variance Positive (Negative) | 2003 Actual |
|-------------------------------------|-------------------|------------------|------------------|------------------------------------|------------------|
| | Adopted Budget | Final Budget | Actual | | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Real and Personal Property Taxes: | | | | | |
| General Property Taxes | \$1,086,998 | \$1,086,998 | \$1,082,400 | \$ (4,598) | \$1,024,466 |
| Mobile Home Parking Permit Fees | 39,302 | 39,302 | 35,646 | (3,656) | 35,574 |
| Motel Room Taxes | 11,000 | 11,000 | 11,362 | 362 | 12,622 |
| Omitted Taxes | | | 80 | 80 | 1,878 |
| Interest and Penalties on Taxes | | | | | 43 |
| Payments in Lieu of Taxes: | | | | | |
| Regulated Municipally Owned Utility | 44,000 | 44,000 | 46,078 | 2,078 | 45,986 |
| Housing Authority | 17,000 | 17,000 | 20,727 | 3,727 | 16,802 |
| Total Taxes | <u>1,198,300</u> | <u>1,198,300</u> | <u>1,196,293</u> | <u>(2,007)</u> | <u>1,137,371</u> |
| Special Assessments: | | | | | |
| Street Improvements | 7,815 | 7,815 | 33,026 | 25,211 | 14,415 |
| Curb and Gutter | | | 3,410 | 3,410 | 238 |
| Total Special Assessments | <u>7,815</u> | <u>7,815</u> | <u>36,436</u> | <u>28,621</u> | <u>14,653</u> |
| Intergovernmental: | | | | | |
| Federal COPs Grant | 46,185 | 46,185 | 67,500 | 21,315 | 35,804 |
| Federal Highway Safety | | | | | 336 |
| Community Development Block Grant - | | | | | |
| Eldon Avenue | | 96,734 | 96,734 | - | |
| Homeland Security Grant - Fire | | 11,340 | 11,340 | - | |
| FEMA Fire Equipment Grant | | 95,594 | 95,594 | - | |
| State Shared Taxes | 620,830 | 620,830 | 619,192 | (1,638) | 662,907 |
| State Exempt Computer Aid | 9,500 | 9,500 | 9,398 | (102) | 9,476 |
| Fire Insurance Tax | 5,000 | 5,000 | 6,354 | 1,354 | 5,667 |
| State Aid - Ambulance | | | | | 4,754 |
| State Aid - Tank Inspections | 12,000 | 12,000 | 8,034 | (3,966) | 11,704 |
| State Grant - Police Training | | | 1,400 | 1,400 | 839 |
| State General Transportation Aids | 177,184 | 177,184 | 178,321 | 1,137 | 177,193 |
| State Grant - LRIP | | | | | 5,493 |
| Polk County Law Enforcement Grants | | | | | 600 |
| Total Intergovernmental | <u>870,699</u> | <u>1,074,367</u> | <u>1,093,867</u> | <u>19,500</u> | <u>914,773</u> |
| Licenses and Permits: | | | | | |
| Licenses: | | | | | |
| Liquor and Malt Beverages | 6,000 | 6,000 | 6,866 | 866 | 6,882 |
| Operators | 2,500 | 2,500 | 1,888 | (612) | 2,225 |
| Cigarette | 600 | 600 | 950 | 350 | 594 |
| Business and Occupational | 110 | 110 | | (110) | 83 |
| Mobile Home Park | 300 | 300 | 280 | (20) | 286 |

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2004
With Comparative Actual Amounts For The Year Ended December 31, 2003**

| | 2004 | | | Variance Positive (Negative) | 2003 Actual |
|--|-------------------|-----------------|----------------|------------------------------------|----------------|
| | Adopted Budget | Final Budget | Actual | | |
| REVENUES: (cont'd.) | | | | | |
| Licenses and Permits: (cont'd.) | | | | | |
| Licenses: (cont'd.) | | | | | |
| Bicycle | \$ | \$ | \$ 4 | \$ 4 | \$ 12 |
| Cable TV Franchise | 10,000 | 10,000 | 10,405 | 405 | 13,898 |
| Dog Licenses Refunded from County | | | 69 | 69 | 217 |
| Zoning Permits and Fees | 250 | 250 | 1,082 | 832 | 550 |
| Other | | | 30 | 30 | 80 |
| Permits: | | | | | |
| Building Permits | 12,500 | 12,500 | 40,068 | 27,568 | 22,446 |
| Street Opening Permits | 2,000 | 2,000 | 5,695 | 3,695 | 3,044 |
| Garage Sale | | | 82 | 82 | 48 |
| Park | 500 | 500 | 741 | 241 | 785 |
| Total Licenses and Permits | <u>34,760</u> | <u>34,760</u> | <u>68,160</u> | <u>33,400</u> | <u>51,150</u> |
| Fines and Forfeits: | | | | | |
| Law and Ordinance Violations: | | | | | |
| County Court Penalties and Costs | 200 | 200 | 130 | (70) | 97 |
| Municipal Court Penalties and Costs | 38,000 | 38,000 | 36,977 | (1,023) | 41,449 |
| Parking Violations | 800 | 800 | 710 | (90) | 686 |
| Total Fines and Forfeits | <u>39,000</u> | <u>39,000</u> | <u>37,817</u> | <u>(1,183)</u> | <u>42,232</u> |
| Public Charges for Services: | | | | | |
| General Government: | | | | | |
| License Publication Fees | 550 | 550 | 493 | (57) | 639 |
| Sale of Materials and Supplies | 150 | 150 | 372 | 222 | 232 |
| Public Safety: | | | | | |
| Police Department Fees | 5,500 | 5,500 | 4,815 | (685) | 2,671 |
| Fire Department Fees | 1,000 | 1,000 | 1,951 | 951 | 850 |
| Public Works and Sanitation: | | | | | |
| Sidewalks | 5,000 | 5,000 | 1,709 | (3,291) | 8,125 |
| Street Sweeping | | | 200 | 200 | |
| Private Parking Lot Maintenance | | | 6,814 | 6,814 | |
| Taxi Revenues | 500 | 500 | 1,151 | 651 | 1,022 |
| Airport | 6,500 | 6,500 | 6,774 | 274 | 8,514 |
| Weed and Nuisance Control | | | 154 | 154 | 123 |
| Recycling Bags | | | | | 3 |
| Landfill | 400 | 400 | 563 | 163 | 280 |
| Refuse Collection | | 125,603 | 125,603 | - | 123,685 |
| Conservation and Development: | | | | | |
| Developers Charges - Whispering Waters | | 10,000 | 10,000 | - | |
| Total Public Charges for Services | <u>19,600</u> | <u>155,203</u> | <u>160,599</u> | <u>5,396</u> | <u>146,144</u> |

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2004
With Comparative Actual Amounts For The Year Ended December 31, 2003**

| | 2004 | | | Variance Positive (Negative) | 2003 Actual |
|---|-------------------|------------------|------------------|------------------------------------|------------------|
| | Adopted Budget | Final Budget | Actual | | |
| REVENUES: (cont'd.) | | | | | |
| Intergovernmental Charges for Services: | | | | | |
| Counties and Municipalities: | | | | | |
| Fire Protection Services: | | | | | |
| 2% State Tax from Townships | \$ 8,000 | \$ 8,000 | \$ 10,416 | \$ 2,416 | \$ 9,189 |
| Subsidy Charges to Townships | 87,000 | 87,000 | 111,414 | 24,414 | 88,381 |
| Dam | 3,000 | 3,000 | 1,291 | (1,709) | 500 |
| Proposed Shop Addition | | 6,131 | 6,131 | - | |
| School Districts: | | | | | |
| Liaison Officer | 6,532 | 6,532 | 6,532 | - | |
| Local Departments: | | | | | |
| Utility Equipment Rental | 5,000 | 5,000 | 3,606 | (1,394) | |
| Office Space Rental to Utility | 12,800 | 12,800 | 12,800 | - | 6,400 |
| Total Intergovernmental Charges for Services | <u>122,332</u> | <u>128,463</u> | <u>152,190</u> | <u>23,727</u> | <u>104,470</u> |
| Miscellaneous: | | | | | |
| Interest: | | | | | |
| General Investments | 8,000 | 8,000 | 5,662 | (2,338) | 10,084 |
| Special Assessments | 5,564 | 5,564 | 6,204 | 640 | 3,741 |
| Interest on Tax Roll Charges | 300 | 300 | 643 | 343 | 382 |
| Rent: | | | | | |
| City Buildings | 3,600 | 3,600 | 6,708 | 3,108 | 4,175 |
| Other: | | | | | |
| Donations | | | 145 | 145 | |
| Sale of Other City Property: | | | | | |
| Fire Trucks | 1,200 | 1,200 | 1,251 | 51 | |
| Other | 50,000 | 50,000 | 13,942 | (36,058) | |
| Compensation for Loss of Fixed Assets | | | | | 2,093 |
| Insurance Dividend | 2,000 | 2,000 | | (2,000) | 12,098 |
| Miscellaneous | | | 5,065 | 5,065 | 1,357 |
| Refund of Prior Years Expenses | | | 882 | 882 | 3,963 |
| Total Miscellaneous | <u>70,664</u> | <u>70,664</u> | <u>40,502</u> | <u>(30,162)</u> | <u>37,893</u> |
| Total Revenues | <u>2,363,170</u> | <u>2,708,572</u> | <u>2,785,864</u> | <u>77,292</u> | <u>2,448,686</u> |

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2004
With Comparative Actual Amounts For The Year Ended December 31, 2003**

| | 2004 | | | Variance Positive (Negative) | 2003 Actual |
|--|-------------------|-----------------|----------------|------------------------------------|----------------|
| | Adopted Budget | Final Budget | Actual | | |
| EXPENDITURES: | | | | | |
| General Government: | | | | | |
| Legislative: | | | | | |
| Council | \$ 12,543 | \$ 12,543 | \$ 13,239 | \$ (696) | \$ 11,790 |
| Publications | 2,000 | 2,000 | 2,032 | (32) | 1,952 |
| Executive: | | | | | |
| Mayor | 9,504 | 9,504 | 13,579 | (4,075) | 10,345 |
| General Administration: | | | | | |
| Clerk-Treasurer | 115,152 | 115,152 | 124,405 | (9,253) | 133,670 |
| Operating Supplies | | | 2,758 | (2,758) | 1,072 |
| Elections | 7,000 | 7,000 | 11,261 | (4,261) | 2,693 |
| Financial Administration: | | | | | |
| Assessment of Property | 35,400 | 35,400 | 38,437 | (3,037) | 24,268 |
| Special Accounting and Independent Auditing | 7,250 | 7,250 | 8,682 | (1,432) | 8,454 |
| Legal: | | | | | |
| Municipal Court | 37,000 | 37,000 | 30,130 | 6,870 | 31,864 |
| City Attorney | 12,000 | 12,000 | 21,735 | (9,735) | 12,789 |
| Codification of Ordinances | 4,000 | 4,000 | 3,961 | 39 | 6,014 |
| Buildings and Plant: | | | | | |
| City Hall | 31,000 | 31,000 | 61,693 | (30,693) | 41,437 |
| City Hall Outlay | 12,000 | 12,000 | 51,136 | (39,136) | |
| Other General Government: | | | | | |
| Maps | 1,000 | 1,000 | | 1,000 | 35 |
| Property, Liability and Workers Compensation Insurance | 96,000 | 96,000 | 74,597 | 21,403 | 108,899 |
| Illegal Taxes and Refunds | | | 129 | (129) | |
| Employee Script | 2,500 | 2,500 | 2,085 | 415 | 2,235 |
| Employee Benefits Administrative Costs | 720 | 720 | 770 | (50) | 4,305 |
| Unemployment Compensation Benefit | | | 417 | (417) | 6,149 |
| Additional Expenditures from Prior Years | | | 732 | (732) | |
| Total General Government | <u>385,069</u> | <u>385,069</u> | <u>461,778</u> | <u>(76,709)</u> | <u>407,971</u> |
| Public Safety: | | | | | |
| Police: | | | | | |
| Police Department | 560,388 | 560,388 | 494,814 | | 485,970 |
| Police Liaison Officer | | | 52,925 | 12,649 | 48,495 |
| Termination Benefit | | | | | 35,694 |
| Police Department Outlay | 5,000 | 5,000 | 3,478 | 1,522 | 6,247 |
| Police Vehicles | | 26,781 | 19,555 | 7,226 | 36,264 |
| Bicycle Safety | | | | | 344 |

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2004
With Comparative Actual Amounts For The Year Ended December 31, 2003**

| | 2004 | | | Variance Positive (Negative) | 2003 Actual |
|---|-------------------|-----------------|------------------|------------------------------------|----------------|
| | Adopted Budget | Final Budget | Actual | | |
| EXPENDITURES: (cont'd.) | | | | | |
| Public Safety: (cont'd.) | | | | | |
| Fire: | | | | | |
| Fire Department | \$ 86,400 | \$ 86,400 | \$ 128,482 | \$ (42,082) | \$ 106,359 |
| Fire Department Outlay | 15,000 | 121,934 | 130,345 | (8,411) | 11,873 |
| Hydrant Rental | 102,000 | 102,000 | 115,509 | (13,509) | 101,476 |
| Inspections: | | | | | |
| Building Inspection | 9,375 | 9,375 | 32,374 | (22,999) | 22,647 |
| Tank Inspections | 11,400 | 11,400 | 12,474 | (1,074) | 13,677 |
| Control: | | | | | |
| Dams | 7,644 | 7,644 | 6,840 | 804 | 1,873 |
| Ambulance | 31,295 | 31,295 | 31,295 | - | 29,681 |
| Ambulance Grant Expenditures | | | | | 4,754 |
| Civil Defense | 38 | 38 | 572 | (534) | 38 |
| Total Public Safety | <u>828,540</u> | <u>962,255</u> | <u>1,028,663</u> | <u>(66,408)</u> | <u>905,392</u> |
| Public Works: | | | | | |
| Transportation Facilities: | | | | | |
| Machinery and Equipment Maintenance | 92,225 | 92,225 | 78,300 | 13,925 | 84,148 |
| Machinery and Equipment Outlay: | | | | | |
| Street Sweeper | 11,782 | 11,782 | 11,772 | 10 | 14,271 |
| Utility Truck Leases | 13,500 | 13,500 | 13,784 | (284) | 13,330 |
| Other | 19,044 | 19,044 | | 19,044 | 73,774 |
| Safety | 12,844 | 12,844 | 12,903 | (59) | 14,301 |
| Garages and Sheds | 21,248 | 21,248 | 24,582 | (3,334) | 39,651 |
| Garages and Sheds Outlay | | 104,532 | 104,532 | - | 553,628 |
| Shop Addition Study - Polk County Highway | | 6,131 | 7,689 | (1,558) | |
| Streets and Related Facilities: | | | | | |
| Street Maintenance | 169,933 | 169,933 | 140,608 | 29,325 | 143,533 |
| Road Overlays | 105,000 | 105,000 | 107,148 | (2,148) | 175,710 |
| Snow and Ice Control | 56,734 | 56,734 | 52,878 | 3,856 | 40,935 |
| Traffic Control | 3,500 | 3,500 | 2,936 | 564 | 3,267 |
| Street Lighting | 48,000 | 48,000 | 43,713 | 4,287 | 49,668 |
| Bridge Maintenance | 1,000 | 1,000 | 142 | 858 | |
| Storm Sewers | 22,000 | 22,000 | 24,442 | (2,442) | 14,454 |
| Sidewalk/Curb and Gutter Outlay | 25,000 | 25,000 | 25,196 | (196) | 35,273 |
| Eldon Street Project | | 96,734 | 241,413 | (144,679) | |
| Deronda Keller Project | | | 2,710 | (2,710) | |
| Dickey Avenue Project | | | | | 17,467 |
| Harrison Avenue Project | | | | | 735 |
| Oak Street Project | | | | | 1,108 |

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2004
With Comparative Actual Amounts For The Year Ended December 31, 2003**

| | 2004 | | | Variance Positive (Negative) | 2003 Actual |
|---|-------------------|-----------------|----------------|------------------------------------|------------------|
| | Adopted Budget | Final Budget | Actual | | |
| EXPENDITURES: (cont'd.) | | | | | |
| Transportation Facilities: (cont'd.) | | | | | |
| Other Transportation Facilities: | | | | | |
| Airport | \$ 34,588 | \$ 34,588 | \$ 21,931 | \$ 12,657 | \$ 16,224 |
| Airport Fuel Cleanup | 2,000 | 2,000 | 48 | 1,952 | 2,196 |
| Taxi Service | 500 | 500 | 528 | (28) | 307 |
| Total Transportation Facilities | <u>638,898</u> | <u>846,295</u> | <u>917,255</u> | <u>(70,960)</u> | <u>1,293,980</u> |
| Sanitation: | | | | | |
| Sanitary Landfill | 12,613 | 12,613 | 16,596 | (3,983) | 17,325 |
| Refuse Collection | | 125,603 | 125,211 | 392 | 122,772 |
| Recycling/Miscellaneous Pickups | 3,200 | 3,200 | 7,736 | (4,536) | 3,426 |
| Weed Control | | | 30 | (30) | 32 |
| Total Sanitation | <u>15,813</u> | <u>141,416</u> | <u>149,573</u> | <u>(8,157)</u> | <u>143,555</u> |
| Health and Human Services: | | | | | |
| Animal Pound | | | | | 458 |
| Cemetery | 1,200 | 1,200 | 1,827 | (627) | 175 |
| Housing Authority | | | | | 1,407 |
| Total Health and Human Services | <u>1,200</u> | <u>1,200</u> | <u>1,827</u> | <u>(627)</u> | <u>2,040</u> |
| Culture, Recreation and Education: | | | | | |
| Library Study | | | | | 1,131 |
| Community Center Subsidy | 16,000 | 16,000 | 18,374 | (2,374) | 17,732 |
| Community Center Building/Systems Repairs | 2,000 | 2,000 | 361 | 1,639 | 6,949 |
| Water Recreation | 600 | 600 | 432 | 168 | 691 |
| Celebrations and Entertainment | 25,091 | 25,091 | 27,268 | (2,177) | 30,305 |
| Parks | 60,733 | 60,733 | 49,550 | 11,183 | 8,562 |
| Parks Outlay | 12,500 | 12,500 | 10,000 | 2,500 | 11,000 |
| North Park Lighting | | | | | 43,980 |
| Tennis Court Improvements | | | 2,000 | (2,000) | |
| Riverfront Development | | | | | 24,122 |
| York Park | | | 109 | (109) | 993 |
| Lakeshore Restoration | 1,000 | 1,000 | | 1,000 | 6,000 |
| Skating Rink | 3,325 | 3,325 | 3,094 | 231 | 3,411 |
| Cable Television | 6,000 | 6,000 | 7,765 | (1,765) | 8,491 |
| Total Culture, Recreation and Education | <u>127,249</u> | <u>127,249</u> | <u>118,953</u> | <u>8,296</u> | <u>163,367</u> |

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2004
With Comparative Actual Amounts For The Year Ended December 31, 2003**

| | 2004 | | | Variance Positive (Negative) | 2003 Actual |
|--|-------------------|---------------------|--------------------|------------------------------------|---------------------|
| | Adopted Budget | Final Budget | Actual | | |
| EXPENDITURES: (cont'd.) | | | | | |
| Conservation and Development: | | | | | |
| Tree Maintenance and Restoration | \$ 3,500 | \$ 3,500 | \$ | \$ 3,500 | \$ 2,730 |
| Advertising and Promotion | 6,000 | 6,000 | 1,688 | 4,312 | 7,646 |
| Economic Development | | | 46 | (46) | 324 |
| Planning Commission | 500 | 500 | 684 | (184) | 3,523 |
| Planning Office | 6,000 | 6,000 | 3,451 | 2,549 | |
| Zoning | 500 | 500 | 5,403 | (4,903) | 1,208 |
| Whispering Water Development | | 10,000 | 2,117 | 7,883 | |
| Total Conservation and Development | <u>16,500</u> | <u>26,500</u> | <u>13,389</u> | <u>13,111</u> | <u>15,431</u> |
| Debt Service: | | | | | |
| Interest on Temporary Loans | 2,000 | 2,000 | 1,166 | 834 | 1,784 |
| Debt Issuance Costs | | | | | 9,350 |
| Total Debt Service | <u>2,000</u> | <u>2,000</u> | <u>1,166</u> | <u>834</u> | <u>11,134</u> |
| Total Expenditures | <u>2,015,269</u> | <u>2,491,984</u> | <u>2,692,604</u> | <u>(200,620)</u> | <u>2,942,870</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>347,901</u> | <u>216,588</u> | <u>93,260</u> | <u>(123,328)</u> | <u>(494,184)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Long-term Debt Issued: | | | | | |
| General Obligation Notes: | | | | | |
| Bridge Street | | | 70,000 | 70,000 | |
| Senior Center Building Repairs | | | | | 51,602 |
| Street Equipment | | | 23,000 | 23,000 | |
| City Shop Building | | 104,532 | 327,150 | 222,618 | 326,786 |
| Transfers Out: | | | | | |
| Transfer to Special Revenue Fund | | | | | (21,342) |
| Transfers to Debt Service Fund | (342,901) | (342,901) | (381,095) | (38,194) | (336,508) |
| Transfer to Fire Department Expendable Trust Fund | (5,000) | (5,000) | (5,000) | - | (4,000) |
| Total Other Financing Sources (Uses) | <u>(347,901)</u> | <u>(243,369)</u> | <u>34,055</u> | <u>277,424</u> | <u>16,538</u> |
| NET CHANGE IN FUND BALANCE [1] | <u>-</u> | <u>(26,781)</u> | <u>127,315</u> | <u>154,096</u> | <u>(477,646)</u> |
| FUND BALANCE, JANUARY 1 | <u>85,238</u> | <u>(217,907)</u> | <u>(217,907)</u> | <u>-</u> | <u>259,739</u> |
| FUND BALANCE, DECEMBER 31 | <u>\$ 85,238</u> | <u>\$ (244,688)</u> | <u>\$ (90,592)</u> | <u>\$ 154,096</u> | <u>\$ (217,907)</u> |

[1] Budget difference of \$26,781 consisted of the beginning balance designated for police vehicles.

SCHEDULE C-1

CITY OF AMERY, WISCONSIN
 DEBT SERVICE FUND
 DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 For The Year Ended December 31, 2004

| | | General Long-term Debt Redemption Fund | | | |
|--|------------|--|------------|-------------|--------|
| | | Landfill | TID #5 | | Totals |
| | | Remediation | Debt | | |
| | | Debt | Debt | | |
| | | | | | |
| REVENUES | | | | | |
| | \$ - | \$ - | \$ - | \$ - | \$ - |
| EXPENDITURES: | | | | | |
| Debt Service: | | | | | |
| General Obligation Notes: | | | | | |
| Principal Retirement | \$ 286,876 | \$ 23,392 | \$ 575,000 | \$ 885,268 | |
| Interest and Fiscal Charges | 94,219 | 1,988 | 40,328 | 136,535 | |
| Total Expenditures | 381,095 | 25,380 | 615,328 | 1,021,803 | |
| | (381,095) | (25,380) | (615,328) | (1,021,803) | |
| Excess (Deficiency) of Revenues Over Expenditures | | | | | |
| | 381,095 | 25,380 | 615,328 | 1,021,803 | |
| OTHER FINANCING SOURCES: | | | | | |
| Transfers From: | | | | | |
| General Fund | 381,095 | | | 381,095 | |
| Special Revenue Funds | | 25,380 | | 25,380 | |
| Capital Projects Funds | | | 615,328 | 615,328 | |
| Total Other Financing Sources | 381,095 | 25,380 | 615,328 | 1,021,803 | |
| NET CHANGE IN FUND BALANCE | - | - | - | - | - |
| FUND BALANCE, JANUARY 1 | - | - | - | - | - |
| FUND BALANCE, DECEMBER 31 | \$ - | \$ - | \$ - | \$ - | \$ - |

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
WATER DEPARTMENT
STATEMENTS OF NET ASSETS
December 31, 2004 and 2003**

| | <u>12/31/04</u> | <u>12/31/03</u> |
|--|--------------------|--------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Investments | \$ 787,986 | \$ 609,855 |
| Customer Accounts Receivable | 52,095 | 46,088 |
| Due from Other Governments | 41,396 | |
| Accounts Receivable from Tax Roll | 4,571 | 6,183 |
| Materials and Supplies | 26,799 | 27,205 |
| Total Current Assets | <u>912,847</u> | <u>689,331</u> |
| Capital Assets: | | |
| Utility Plant in Service | 3,917,861 | 2,488,090 |
| Less Accumulated Depreciation | 813,029 | 776,193 |
| Net Capital Assets | <u>3,104,832</u> | <u>1,711,897</u> |
| Other Assets and Deferred Charges: | | |
| Unamortized Debt Discount | 8,433 | 9,000 |
| Other Deferred Debits | | 173,819 |
| Total Other Assets and Deferred Charges | <u>8,433</u> | <u>182,819</u> |
| Total Assets | <u>\$4,026,112</u> | <u>\$2,584,047</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 31,667 | \$ 15,159 |
| Construction Payables | 102,594 | |
| Interest Accrued | 3,494 | 1,872 |
| Current Portion of Long-term Liabilities: | | |
| General Obligation Debt | 51,574 | 37,825 |
| Accrued Employee Benefits | 7,998 | 8,290 |
| Total Current Liabilities | <u>197,327</u> | <u>63,146</u> |
| Long-term Liabilities (Less Current Portion): | | |
| General Obligation Notes | 910,000 | 42,574 |
| Accrued Employee Benefits | 20,752 | 23,436 |
| Total Long-term Liabilities | <u>930,752</u> | <u>66,010</u> |
| Deferred Credits: | | |
| CDBG Grant Deferred Revenue | - | 50,000 |
| Total Liabilities | <u>1,128,079</u> | <u>179,156</u> |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 2,143,258 | 1,631,498 |
| Unrestricted | 754,775 | 773,393 |
| Total Net Assets | <u>2,898,033</u> | <u>2,404,891</u> |
| Total Liabilities and Net Assets | <u>\$4,026,112</u> | <u>\$2,584,047</u> |

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
WATER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
For The Years Ended December 31, 2004 and 2003**

| | <u>2004</u> | <u>2003</u> |
|--|--------------------|--------------------|
| OPERATING REVENUES: | | |
| Sales of Water: | | |
| Residential | \$ 119,551 | \$ 111,045 |
| Commercial | 58,087 | 54,225 |
| Industrial | 14,696 | 14,654 |
| Public Authorities | 16,712 | 16,780 |
| Public Fire Protection | 115,509 | 101,476 |
| Private Fire Protection | 6,518 | 5,932 |
| Total Sales of Water | <u>331,073</u> | <u>304,112</u> |
| Other Operating Revenues: | | |
| Forfeited Discounts | 708 | 880 |
| Tower Rents | 13,350 | 12,700 |
| Miscellaneous Revenues | 2,263 | 13,261 |
| Total Other Operating Revenues | <u>16,321</u> | <u>26,841</u> |
| Total Operating Revenues | <u>347,394</u> | <u>330,953</u> |
| OPERATING EXPENSES: | | |
| Operation and Maintenance | 199,820 | 156,110 |
| Depreciation | 64,856 | 49,960 |
| Taxes | 47,679 | 48,724 |
| Total Operating Expenses | <u>312,355</u> | <u>254,794</u> |
| OPERATING INCOME | <u>35,039</u> | <u>76,159</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest Revenue | 416 | 562 |
| Jobbing Income | | 273 |
| Interest Expense | (19,459) | (2,323) |
| Amortization of Debt Discount and Issuance Expenses | (567) | |
| Total Nonoperating Revenues (Expenses) | <u>(19,610)</u> | <u>(1,488)</u> |
| NET INCOME BEFORE CONTRIBUTIONS | <u>15,429</u> | <u>74,671</u> |
| CAPITAL CONTRIBUTIONS: | | |
| Hookup Fees | 6,941 | 6,730 |
| Plant Funded by Government Grants | 429,458 | |
| Plant Contributed by Customers and Developers | 41,314 | 63,124 |
| Total Capital Contributions | <u>477,713</u> | <u>69,854</u> |
| CHANGE IN NET ASSETS | 493,142 | 144,525 |
| NET ASSETS, JANUARY 1 | 2,404,891 | 2,292,092 |
| Adjustment to Net Assets - Accrued Employee Benefits | | (31,726) |
| NET ASSETS, DECEMBER 31 | <u>\$2,898,033</u> | <u>\$2,404,891</u> |

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY
WATER DEPARTMENT
STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2004 and 2003**

| | <u>2004</u> | <u>2003</u> |
|---|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Utility Customers | \$ 224,435 | \$229,523 |
| Cash Received for Public Fire Protection | 115,508 | 101,476 |
| Cash Received from Sewer Share of Meter Related Expense | 18,847 | 20,288 |
| Cash Payments to Suppliers for Goods and Services | (135,412) | (96,675) |
| Cash Payments for Employee Services | (76,803) | (61,289) |
| Cash Payments of Tax Equivalents | <u>(43,266)</u> | <u>(46,078)</u> |
| Net Cash Provided by Operating Activities | <u>103,309</u> | <u>147,245</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Cash Payments for Capital Assets | (1,134,888) | (16,088) |
| Cash Payments for Other Deferred Debits | | (111,883) |
| Cash Received from Capital Contributed by Utility Customers | 7,745 | 68,255 |
| Cash Received from Governmental Grants as Contributed Capital | 338,062 | 50,000 |
| Cash Received from Jobbing Income | | 273 |
| Cash Received from Issuance of Long-term Debt | 919,000 | 50,000 |
| Principal Paid on Long-term Debt | (37,824) | (14,123) |
| Interest Paid on Long-term Debt | (17,836) | (2,226) |
| Cash Paid on Debt Issuance Costs | | <u>(9,000)</u> |
| Net Cash Provided by Capital and Related Financing Activities | <u>74,259</u> | <u>15,208</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest Received on Tax Roll Items | <u>563</u> | <u>384</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 178,131 | 162,837 |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | <u>609,855</u> | <u>447,018</u> |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | <u>\$ 787,986</u> | <u>\$609,855</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating Income | \$ 35,039 | \$ 76,159 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation Accruals | 66,813 | 51,769 |
| Amortization Expense | 12,365 | 12,365 |
| Changes in Assets and Liabilities: | | |
| Decrease (Increase) in Customer Accounts Receivable | (6,007) | 832 |
| Decrease in Other Accounts Receivable | | 1,185 |
| Decrease (Increase) in Due from Other Funds | 661 | (181) |
| Decrease in Inventories | 406 | 2,466 |
| Decrease in Accrued Benefits | (2,976) | |
| Increase (Decrease) in Accounts Payable | <u>(2,992)</u> | <u>2,650</u> |
| Net Cash Provided by Operating Activities | <u>\$ 103,309</u> | <u>\$147,245</u> |

SCHEDULE D-4

CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
WATER DEPARTMENT
DETAIL OF OPERATION AND MAINTENANCE EXPENSES
For The Year Ended December 31, 2004

| | <u>2004</u> | <u>2003</u> |
|--|-------------------|-------------------|
| Sources of Supply: | | |
| Operation Labor | \$ 374 | \$ 533 |
| Supplies and Expense | 130 | |
| Maintenance of Source Plant | 4,363 | 892 |
| Total Sources of Supply | <u>4,867</u> | <u>1,425</u> |
| Pumping: | | |
| Operation Labor | 101 | 1,511 |
| Fuel for Pumping | 10,863 | 13,114 |
| Supplies and Expense | 971 | 2,013 |
| Maintenance of Pumping Plant | 4 | 80 |
| Total Pumping | <u>11,939</u> | <u>16,718</u> |
| Water Treatment: | | |
| Operation Labor | 372 | 820 |
| Chemicals | 14,080 | 14,302 |
| Operating Supplies and Expenses | 910 | 482 |
| Maintenance of Plant | 297 | 384 |
| Total Water Treatment | <u>15,659</u> | <u>15,988</u> |
| Transmission and Distribution: | | |
| Operation Labor | 7,069 | 567 |
| Operation Supplies and Expenses | 998 | 343 |
| Maintenance of Reservoirs (Amortization of Water Tower Painting) | 16,946 | 14,751 |
| Maintenance of Mains | 22,929 | 5,232 |
| Maintenance of Services | 7,912 | 1,985 |
| Maintenance of Meters | 9,805 | 8,993 |
| Maintenance of Hydrants | 1,189 | 852 |
| Maintenance of Other Transmission and Distribution Plant | 3,231 | |
| Total Transmission and Distribution | <u>70,079</u> | <u>32,723</u> |
| Customer Accounts: | | |
| Meter Reading Labor | 1,670 | 3,561 |
| Accounting and Collecting Labor | 7,326 | 5,898 |
| Office Supplies and Expenses | 523 | 2,229 |
| Total Customer Accounts | <u>9,519</u> | <u>11,688</u> |
| Administrative and General: | | |
| Administrative and General Salaries | 15,356 | 16,548 |
| Office Supplies and Expenses | 6,298 | 4,902 |
| Outside Services Employed | 12,561 | 22,300 |
| Property and Liability Insurance | 9,426 | 7,087 |
| Injuries and Damages | 4,451 | 5,278 |
| Employees Pensions and Benefits | 27,013 | 15,951 |
| Regulatory Commission Expenses | 1,778 | |
| Miscellaneous General Expenses | 7,751 | 2,637 |
| Transportation Expenses | 3,123 | 2,865 |
| Total Administrative and General | <u>87,757</u> | <u>77,568</u> |
| TOTAL OPERATION AND MAINTENANCE | <u>\$ 199,820</u> | <u>\$ 156,110</u> |

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
SEWER DEPARTMENT
STATEMENTS OF NET ASSETS
December 31, 2004 and 2003**

| | <u>12/31/04</u> | <u>12/31/03</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Investments | \$ (543,846) | \$ (519,628) |
| Customer Accounts Receivable | 133,797 | 132,368 |
| Accounts Receivable from Tax Roll | 10,682 | 15,097 |
| Other Accounts Receivable | 61 | 3,931 |
| Final Billing Adjustment - Biosolids | 7,109 | |
| Current Portion of Advance to Biosolids Facility | 19,183 | 18,722 |
| Materials and Supplies | 4,114 | 4,284 |
| Total Current Assets | <u>(368,900)</u> | <u>(345,226)</u> |
| Restricted Assets: | | |
| Equipment Replacement Investments | <u>137,945</u> | <u>136,472</u> |
| Capital Assets: | | |
| Utility Plant in Service | 4,722,827 | 4,672,221 |
| Less Accumulated Depreciation | <u>1,417,374</u> | <u>1,275,210</u> |
| Net Capital Assets | <u>3,305,453</u> | <u>3,397,011</u> |
| Other Assets and Deferred Charges: | | |
| Advance to Biosolids Facility (Less Current Portion) | <u>214,072</u> | <u>232,028</u> |
| Total Assets | <u><u>\$ 3,288,570</u></u> | <u><u>\$ 3,420,285</u></u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 8,395 | \$ 6,521 |
| Interest Accrued | 9,080 | 10,304 |
| Current Portion of Long-term Liabilities: | | |
| General Obligation Debt | 15,574 | 14,825 |
| Revenue Bonds: | | |
| Treatment Plant Renovation | 104,621 | 101,372 |
| Biosolids Facility | 17,956 | 17,403 |
| Accrued Employee Benefits | 13,303 | 13,789 |
| Total Current Liabilities | <u>168,929</u> | <u>164,214</u> |
| Long-term Liabilities (Less Current Portion): | | |
| General Obligation Notes | | 15,574 |
| Revenue Bonds - Treatment Plant Renovation | 1,249,628 | 1,354,248 |
| Revenue Bonds - Biosolids Facility | 214,072 | 232,028 |
| Accrued Employee Benefits | 34,518 | 38,985 |
| Total Long-term Liabilities | <u>1,498,218</u> | <u>1,640,835</u> |
| Total Liabilities | <u>1,667,147</u> | <u>1,805,049</u> |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | 1,935,630 | 1,910,992 |
| Restricted for Equipment Replacement | 137,945 | 136,472 |
| Unrestricted | <u>(452,152)</u> | <u>(432,228)</u> |
| Total Net Assets | <u>1,621,423</u> | <u>1,615,236</u> |
| Total Liabilities and Net Assets | <u><u>\$ 3,288,570</u></u> | <u><u>\$ 3,420,285</u></u> |

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY
SEWER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Years Ended December 31, 2004 and 2003**

| | <u>2004</u> | <u>2003</u> |
|--|-----------------------------|--------------------|
| OPERATING REVENUES: | | |
| Sewerage Revenues: | | |
| Residential | \$ 314,446 | \$ 311,278 |
| Commercial | 168,160 | 161,030 |
| Industrial | 50,247 | 49,402 |
| Public Authorities | 40,028 | 43,683 |
| Total Sewerage Revenues | <u>572,881</u> | <u>565,393</u> |
| Other Operating Revenues: | | |
| Forfeited Discounts | 2,015 | 2,575 |
| Miscellaneous Revenues | 50 | 3,134 |
| Total Other Operating Revenues | <u>2,065</u> | <u>5,709</u> |
| Total Operating Revenues | <u>574,946</u> | <u>571,102</u> |
| OPERATING EXPENSES: | | |
| Operation and Maintenance | 420,949 | 384,872 |
| Depreciation | 144,123 | 143,148 |
| Taxes | 10,600 | 10,255 |
| Total Operating Expenses | <u>575,672</u> | <u>538,275</u> |
| OPERATING INCOME (LOSS) | <u>(726)</u> | <u>32,827</u> |
| NONOPERATING REVENUES (EXPENSES): | | |
| Interest Income | 2,445 | 2,898 |
| Interest on Advance to Biosolids Facility | 7,546 | 8,093 |
| Interest Expense | <u>(52,981)</u> | <u>(57,885)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(42,990)</u> | <u>(46,894)</u> |
| NET LOSS BEFORE CONTRIBUTIONS | <u>(43,716)</u> | <u>(14,067)</u> |
| CAPITAL CONTRIBUTIONS: | | |
| Hookup Fees | 3,248 | 4,706 |
| Plant Contributed by Customers and Developers | 46,655 | 17,156 |
| Total Capital Contributions | <u>49,903</u> | <u>21,862</u> |
| CHANGE IN NET ASSETS | 6,187 | 7,795 |
| NET ASSETS, JANUARY 1 | 1,615,236 | 1,660,215 |
| Adjustment to Net Assets - Accrued Employee Benefits | <u> </u> | <u>(52,774)</u> |
| NET ASSETS, DECEMBER 31 | <u>\$1,621,423</u> | <u>\$1,615,236</u> |

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY
SEWER DEPARTMENT
STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2004 and 2003**

| | 2004 | 2003 |
|--|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash Received from Utility Customers | \$ 576,138 | \$ 572,910 |
| Cash Received from Sewer Share of Meter Related Expense | (18,847) | (20,288) |
| Cash Payments to Suppliers for Goods and Services | (253,122) | (200,625) |
| Cash Payments for Employee Services | <u>(167,880)</u> | <u>(157,591)</u> |
| Net Cash Provided by Operating Activities | <u>136,289</u> | <u>194,406</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Net Decrease in Cash Overdraft Financed by General Fund | <u>-</u> | <u>(85,441)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Cash Payments for Capital Assets | (3,953) | (29,706) |
| Cash Received from Capital Contributed by Utility Customers | 4,834 | 20,274 |
| Principal Paid on Long-term Debt | (116,195) | (122,345) |
| Interest Paid on Long-term Debt | <u>(46,566)</u> | <u>(50,923)</u> |
| Net Cash Used for Capital and Related Financing Activities | <u>(161,880)</u> | <u>(182,700)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest Received on Investments | 1,474 | 1,528 |
| Interest Received on Tax Roll Items | <u>1,372</u> | <u>1,123</u> |
| Net Cash Provided by Investing Activities | <u>2,846</u> | <u>2,651</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (22,745) | (71,084) |
| CASH AND CASH EQUIVALENTS, JANUARY 1 | <u>(383,156)</u> | <u>(312,072)</u> |
| CASH AND CASH EQUIVALENTS, DECEMBER 31 | <u><u>\$(405,901)</u></u> | <u><u>\$(383,156)</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating Income (Loss) | \$ (726) | \$ 32,827 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | |
| Depreciation Accruals | 142,166 | 141,338 |
| Changes in Assets and Liabilities: | | |
| Decrease (Increase) in Customer Accounts Receivable | (1,428) | 2,351 |
| Decrease (Increase) in Other Accounts Receivable | (3,239) | 5,796 |
| Decrease (Increase) in Due from Other Funds | 2,427 | (908) |
| Decrease (Increase) in Inventories | 169 | (591) |
| Decrease in Prepayments | | 16,303 |
| Decrease in Accrued Employee Benefits | (4,953) | |
| Increase (Decrease) in Accounts Payable | <u>1,873</u> | <u>(2,710)</u> |
| Net Cash Provided by Operating Activities | <u><u>\$ 136,289</u></u> | <u><u>\$ 194,406</u></u> |
| RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS: | | |
| Cash and Investments per Statement of Net Assets: | | |
| Cash and Investments - Unrestricted | \$(543,846) | \$(519,628) |
| Cash and Investments - Restricted | <u>137,945</u> | <u>136,472</u> |
| Cash and Cash Equivalents | <u><u>\$(405,901)</u></u> | <u><u>\$(383,156)</u></u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | |
| Long-term Debt Paid Directly by Biosolids Facility: | | |
| Principal Repaid | \$ 17,403 | \$ 16,868 |
| Interest Paid | \$ 7,638 | \$ 8,182 |

CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
SEWER DEPARTMENT
DETAIL OF OPERATION AND MAINTENANCE EXPENSES
For The Years Ended December 31, 2004 and 2003

| | <u>2004</u> | <u>2003</u> |
|---|--------------------------|--------------------------|
| Operation: | | |
| Salaries and Wages | \$ 97,676 | \$ 90,790 |
| Fuel or Power Purchased for Pumping | 37,298 | 38,547 |
| Chemicals | 10,443 | 7,893 |
| Biosolids Facility Expense | 83,874 | 64,072 |
| Outside Testing | 8,334 | 8,882 |
| Operating Supplies and Expenses | 18,539 | 20,708 |
| Transportation Expenses | 3,127 | 4,059 |
| Total Operation | <u>259,291</u> | <u>234,951</u> |
| Maintenance: | | |
| Sewage Collection System | 33,190 | 23,272 |
| Collection Pumping Equipment | 3,164 | 2,477 |
| Treatment and Disposal Plant Equipment | 12,021 | 15,463 |
| General Plant Equipment | 3,709 | 2,539 |
| Total Maintenance | <u>52,084</u> | <u>43,751</u> |
| Customer Accounting and Collection: | | |
| Meter Reading Labor | 1,670 | 3,561 |
| Billing, Collecting and Accounting Salaries | 7,389 | 7,442 |
| Total Customer Accounting and Collection | <u>9,059</u> | <u>11,003</u> |
| Administrative and General: | | |
| Administrative and General Salaries | 12,682 | 11,520 |
| Office Supplies and Expenses | 5,226 | 4,656 |
| Outside Services Employed | 5,226 | 3,493 |
| Insurance Expense | 20,311 | 20,508 |
| Employee Pensions and Benefits | 43,402 | 47,647 |
| Regulatory Commission Expense | 1,778 | |
| Miscellaneous General Expenses | 5,490 | 4,143 |
| Rents | 6,400 | 3,200 |
| Total Administrative and General | <u>100,515</u> | <u>95,167</u> |
| Total Operation and Maintenance Expenses | <u><u>\$ 420,949</u></u> | <u><u>\$ 384,872</u></u> |

RECONCILIATION SCHEDULE

CITY OF AMERY, WISCONSIN
DETAILED RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2004

| | <u>Total</u> | <u>Capital</u> | <u>Long-term</u> | <u>Other</u> | <u>Interfund</u> | <u>Statement</u> |
|--|---------------------|-----------------|--------------------|------------------|---------------------|----------------------|
| | <u>Governmental</u> | <u>Assets</u> | <u>Debt</u> | <u>Long-term</u> | <u>Transactions</u> | <u>of Activities</u> |
| | <u>Funds</u> | <u>Revenues</u> | <u>Obligations</u> | <u>Revenues</u> | <u>Obligations</u> | <u>of Activities</u> |
| REVENUES/OTHER SOURCES: | | | | | | |
| Revenues: | | | | | | |
| Taxes | \$ 1,755,550 | \$ | \$ | \$ | \$ | \$ 1,752,738 |
| Special Assessments | 36,436 | (2,812) | - | - | - | - |
| Intergovernmental | 1,315,167 | (36,436) | - | - | - | 1,315,167 |
| Licenses and Permits | 68,160 | - | - | - | - | 68,160 |
| Fines and Forfeits | 37,817 | - | - | - | - | 37,817 |
| Public Charges for Services | 160,599 | (1,121) | - | - | - | 159,478 |
| Intergovernmental Charges for Services | 152,190 | - | - | - | - | 152,190 |
| Miscellaneous: | | | | | | |
| Interest | 15,040 | (1,830) | - | - | - | 13,210 |
| Rent | 6,708 | - | - | - | - | 6,708 |
| Sale of Property | 15,193 | - | - | - | - | 15,193 |
| Donations | 145 | - | - | - | - | 145 |
| Loan Repayments | 122,999 | (105,993) | - | - | - | 17,006 |
| Other | 5,947 | - | - | - | - | 5,947 |
| Other Sources: | | | | | | |
| Long-term Debt Issued | 1,223,070 | - | (1,223,070) | - | - | - |
| Transfers In | 1,256,846 | - | - | - | (1,256,846) | - |
| Total Revenues | 6,171,867 | - | (148,192) | - | (1,256,846) | 3,543,759 |
| EXPENDITURES/OTHER USES: | | | | | | |
| Expenditures: | | | | | | |
| General Government | 461,778 | - | - | (5,262) | - | 456,516 |
| Public Safety | 1,496,634 | (446,249) | - | (12,294) | 5,000 | 1,043,091 |
| Public Works | 1,081,613 | (116,683) | - | (17,781) | - | 947,149 |
| Health and Human Services | 1,827 | - | - | - | - | 1,827 |
| Culture, Recreation and Education | 399,792 | 11,956 | - | - | - | 411,748 |
| Conservation and Development | 642,474 | - | - | - | - | 642,474 |
| Debt Service: | | | | | | |
| Principal Retirement | 885,268 | - | (885,268) | - | - | - |
| Interest and Fiscal Charges | 146,646 | - | (8,841) | - | - | - |
| Other Uses: | | | | | | |
| Transfers Out | 1,261,846 | - | - | - | (1,261,846) | - |
| Total Expenditures/Other Uses | 6,377,878 | (550,976) | (894,109) | (35,337) | (1,256,846) | 3,640,610 |
| NET CHANGE FOR YEAR | \$ (206,011) | \$ 550,976 | \$ (148,192) | \$ (328,961) | \$ - | \$ (96,851) |

DEBT REPAYMENT SCHEDULE

SCHEDULE F-1

CITY OF AMERY, WISCONSIN
 GENERAL OBLIGATION PROMISSORY NOTES DATED AUGUST 16, 1997
 Outstanding December 31, 2004

| Date | Total Issue | | General City | | TID #5 | |
|---------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 6/1/05 | \$ - | \$ 10,133 | \$ - | \$ 3,919 | \$ - | \$ 6,214 |
| 12/1/05 | 90,000.00 | 10,132.50 | 55,000.00 | 3,918.75 | 35,000.00 | 6,213.75 |
| 6/1/06 | - | 8,017.50 | | 2,626.25 | | 5,391.25 |
| 12/1/06 | 90,000.00 | 8,017.50 | 55,000.00 | 2,626.25 | 35,000.00 | 5,391.25 |
| 6/1/07 | 245,000.00 | 5,880.00 | 55,000.00 | 1,320.00 | 190,000.00 | 4,560.00 |
| | <u>\$ 425,000.00</u> | <u>\$ 42,180.00</u> | <u>\$ 165,000.00</u> | <u>\$ 14,410.00</u> | <u>\$ 260,000.00</u> | <u>\$ 27,770.00</u> |