

CITY OF CUDAHY

Cudahy, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditor's Report

As of and for the Year Ended December 31, 2013

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CITY OF CUDAHY

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council
City of Cudahy
Cudahy, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cudahy, Wisconsin, as of December 31, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Cudahy adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

As discussed in Note I, the City of Cudahy adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cudahy's basic financial statements. The combining financial statements 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Mayor and Common Council
City of Cudahy

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2014 on our consideration of the City of Cudahy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cudahy's internal control over financial reporting and compliance.

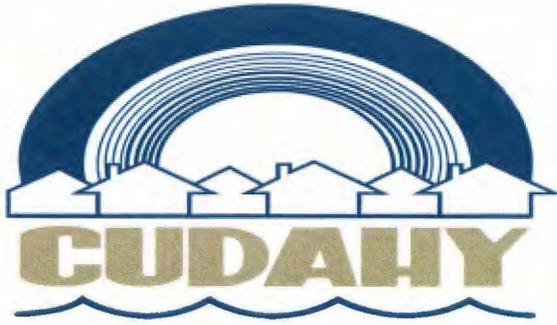
Baker Tilly Vinchow Krause, LLP

Milwaukee, Wisconsin
April 21, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis (Unaudited)

As management of the City of Cudahy, we offer readers of the City of Cudahy's financial statements this narrative overview and analysis of the financial activities of the City as of and for the fiscal year ended December 31, 2013. This narrative should be read in conjunction with the City's financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City of Cudahy exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$51.9 million (net position), a decrease of \$914,997 over the prior year restated net position of \$52.8 million. This decrease is attributed to the loss incurred from the City selling land that was held for resale.

Restricted net position principally represent amounts held in the City's tax increment districts for future expenditures and amounts held in reserve funds for debt service.

As of the close of the current fiscal year, the City of Cudahy's governmental funds reported combined ending fund balances of \$30.9 million, a decrease of \$2.6 million in comparison with the prior year. Approximately 10.6 percent of this total amount, \$3.2 million, is available for spending at the government's discretion (unassigned fund balance). At year-end, management had set aside \$3.2 million of the unassigned fund balance for specific purposes.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$3.6 million, or 28.6 percent of total general fund expenditures. In accordance with City of Cudahy policy, management has set aside \$3.2 million of this unassigned fund balance for working capital and future contingencies based on 25 percent of the 2014 general fund budget.

The City of Cudahy's total long-term obligations decreased by \$4,625,000 during the current fiscal year.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City of Cudahy's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cudahy is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Cudahy that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Cudahy include general government, protection of persons and property, public works, health and sanitation, parks and recreation, library, and conservation and development. The business-type activities of the City of Cudahy include a Water Utility, a Sewer Utility and a Storm Water Utility.

The government-wide financial statements include not only the City of Cudahy itself (known as the *primary government*), but also a legally separate Community Development Authority for which the City of Cudahy is financially accountable. Financial information for this *component unit* is blended with the financial information presented for the primary government itself. The Water, Sewer and Storm Water Utilities function for all practical purposes as departments of the City of Cudahy, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-15 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 of Cudahy, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Cudahy 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 of Cudahy maintains twenty 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, the tax increment district #1 tax levy special revenue fund, the debt service fund and the tax increment district #1 capital projects fund, all of 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* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 - 20 of this report.

The City of Cudahy adopts an annual appropriated budget for the general fund and various other funds as required by state statute. A budgetary comparison statement, found on page 69, has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary funds. The City of Cudahy maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Cudahy uses enterprise funds to account for its Water, Sewer and Storm Water Utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Cudahy uses an internal service fund to account for its liability insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

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 the Water, Sewer, and Storm Water Utilities, all of which are considered to be major funds of the City of Cudahy. Individual fund data for the internal service fund is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 21 - 25 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Cudahy's own programs. The only fiduciary fund maintained by the City of Cudahy is the Tax Roll Fund which records the tax roll and tax collections for other taxing jurisdictions within the City of Cudahy. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 - 68 of this report.

Other information. The required supplementary information can be found on pages 69 - 71 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 72 - 75 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cudahy, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51.9 and \$52.8 million at December 31, 2013 and 2012, respectively, as presented in the following table.

CITY OF CUDAHY'S NET POSITION						
December 31, (In Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2013	Restated 2012	2013	Restated 2012	2013	Restated 2012
Current and other assets	\$ 48,090	\$ 55,046	\$ 5,165	\$ 5,993	\$ 53,255	\$ 61,039
Capital assets	51,777	50,644	33,065	32,849	84,842	83,493
Total assets	99,867	105,690	38,230	38,842	138,097	144,532
Deferred Outflows of Resources	941	1,056	66	74	1,007	1,130
Current and other liabilities	1,216	1,307	880	856	2,096	2,163
Long-term liabilities	61,277	65,411	9,132	9,622	70,409	75,033
Total liabilities	62,493	66,718	10,012	10,478	72,505	77,196
Deferred Inflows of Resources	14,668	14,185	-	-	14,668	14,185
Net assets						
Net investment capital assets	23,001	20,398	24,801	24,746	43,451	40,792
Restricted	17,214	17,297	378	363	17,592	17,660
Unrestricted (Deficit)	(16,568)	(13,119)	3,105	3,161	(9,112)	(5,606)
Total net assets	\$ 23,647	\$ 24,576	\$ 28,284	\$ 28,270	\$ 51,931	\$ 52,846

The City of Cudahy's governmental activities investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding is reported at \$23.0 million. The City of Cudahy uses capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Cudahy's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Cudahy's governmental activities net position, \$17.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* is a deficit \$16.6 million.

The City of Cudahy's net position decreased by \$914,997 during the current fiscal year. The amount related to the governmental activities was \$928,411, while the business-type activities had an increase in net position of \$13,414.

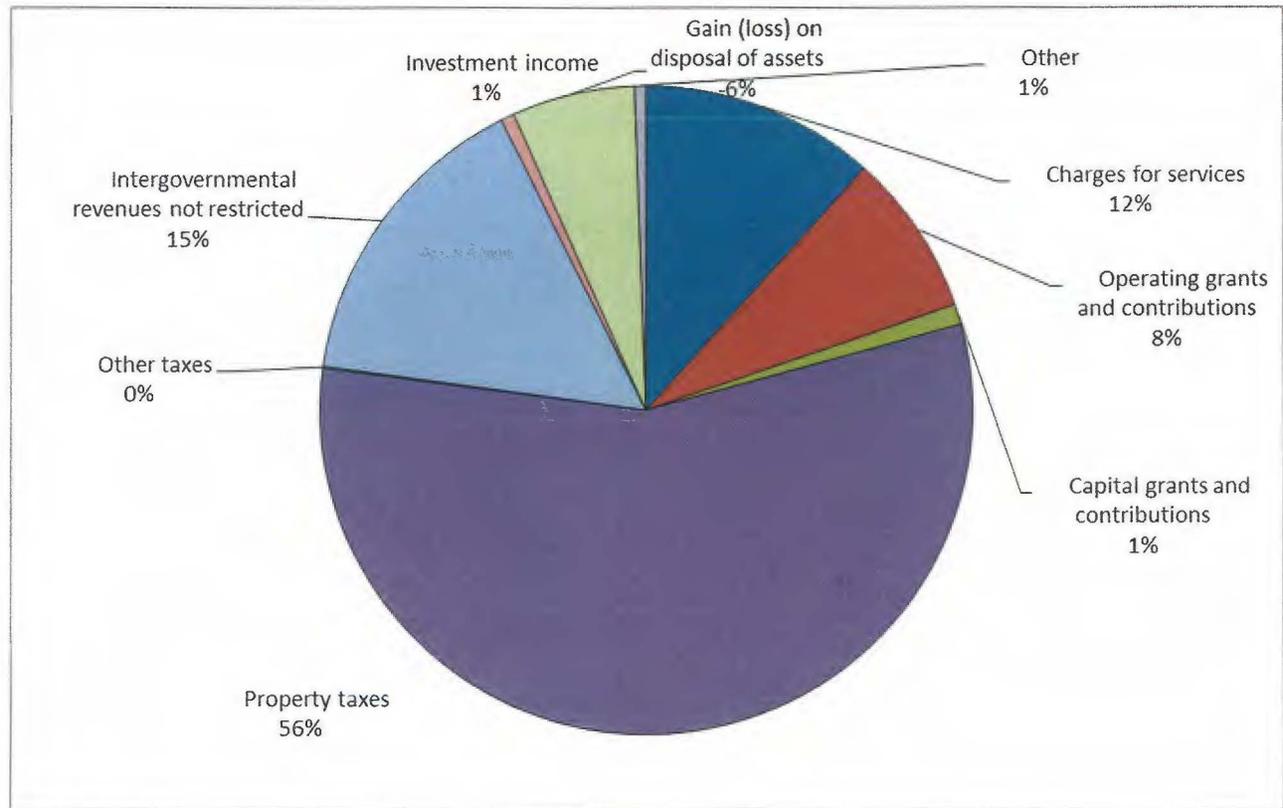
The Governmental Activities deficit of \$16.6 million principally represents utility capital assets contributed by the Governmental Activities (Tax Increment Financing (TIF) Program) to the Business-Type Activities and other noncapital development costs financed with TIF debt.

Statement of activities. The following is a more detailed review of the City's 2013 and 2012 operations.

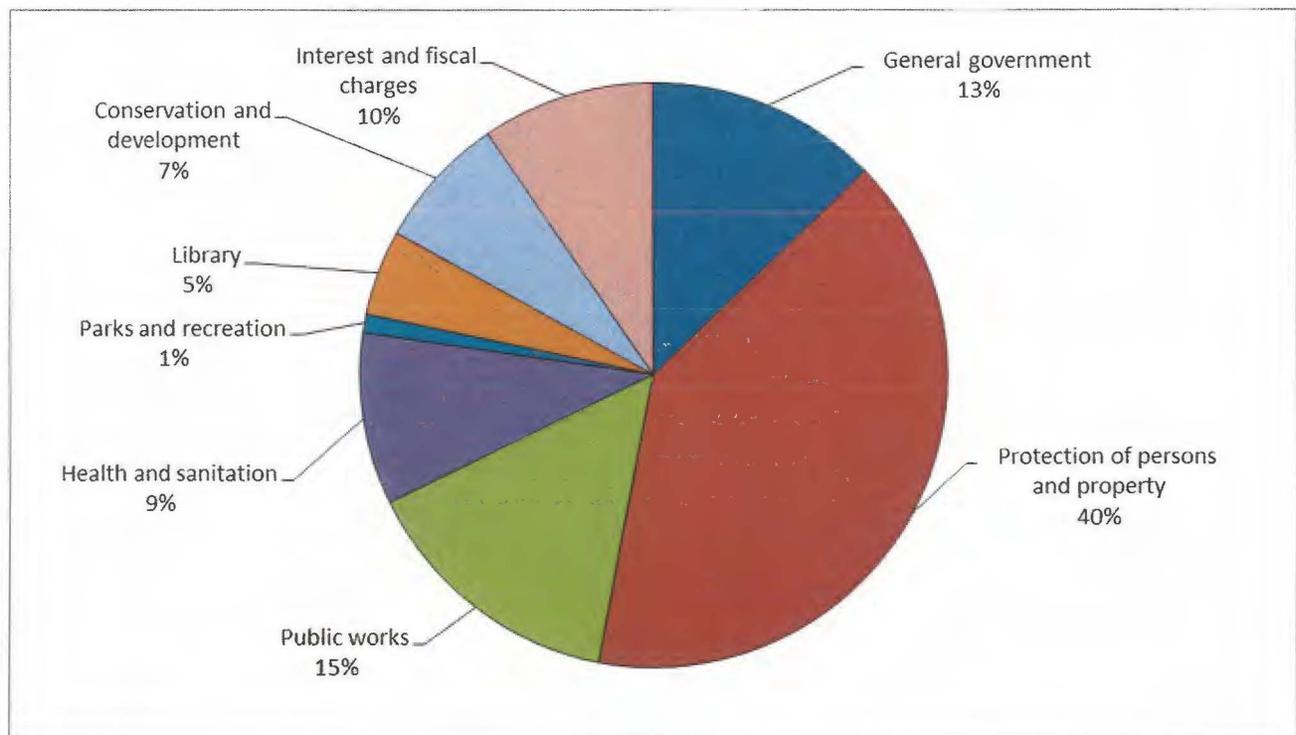
CITY OF CUDAHY'S CHANGES IN NET POSITION						
For the year ending December 31, (In Thousands)						
	Governmental Activities		Business-type Activities		Total	
	Restated		Restated		Restated	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 2,770	\$ 2,735	\$ 5,862	\$ 6,068	\$ 8,632	\$ 8,803
Operating grants and contributions	1,950	1,993	47	75	1,997	2,068
Capital grants and contributions	242	708	-	-	242	708
General revenues						
Property taxes	13,499	13,739	-	-	13,499	13,739
Other taxes	22	15	-	-	22	15
Intergovernmental revenues not restricted	3,709	3,764	-	-	3,709	3,764
Investment income	157	184	13	9	170	193
Gain (loss) on disposal of assets	(1,502)	31	-	-	(1,502)	31
Other	165	114	-	-	165	114
Total revenues	<u>21,012</u>	<u>23,283</u>	<u>5,922</u>	<u>6,152</u>	<u>26,934</u>	<u>29,435</u>
Expenses						
General government	2,831	2,947	-	-	2,831	2,947
Protection of persons and property	8,996	8,876	-	-	8,996	8,876
Public works	3,299	3,557	-	-	3,299	3,557
Health and sanitation	2,124	2,026	-	-	2,124	2,026
Parks and recreation	227	247	-	-	227	247
Library	1,059	998	-	-	1,059	998
Conservation and development	1,651	1,911	-	-	1,651	1,911
Interest and fiscal charges	2,129	2,502	-	-	2,129	2,502
Water	-	-	2,139	2,126	2,139	2,126
Sewer	-	-	2,211	2,188	2,211	2,188
Storm Water	-	-	1,183	977	1,183	977
Total expenses	<u>22,316</u>	<u>23,064</u>	<u>5,533</u>	<u>5,291</u>	<u>27,849</u>	<u>28,355</u>
Increase (decrease) in net position before transfers	(1,304)	219	389	861	(915)	1,080
Transfers	375	390	(375)	(390)	-	-
Increase (decrease) in net position	(929)	609	14	471	(915)	1,080
Net position - January 1, as restated	<u>24,576</u>	<u>23,967</u>	<u>28,270</u>	<u>27,799</u>	<u>52,846</u>	<u>51,766</u>
Net position - December 31,	<u>\$ 23,647</u>	<u>\$ 24,576</u>	<u>\$ 28,284</u>	<u>\$ 28,270</u>	<u>\$ 51,931</u>	<u>\$ 52,846</u>

The significant changes between the 2013 governmental activities data compared to the 2012 data include a loss on disposal of assets of \$1.5 million, an decrease of public work expenses of \$260,000 and an decrease of conservation and development of \$260,000.

Program and General Revenues by Source – Governmental Activities

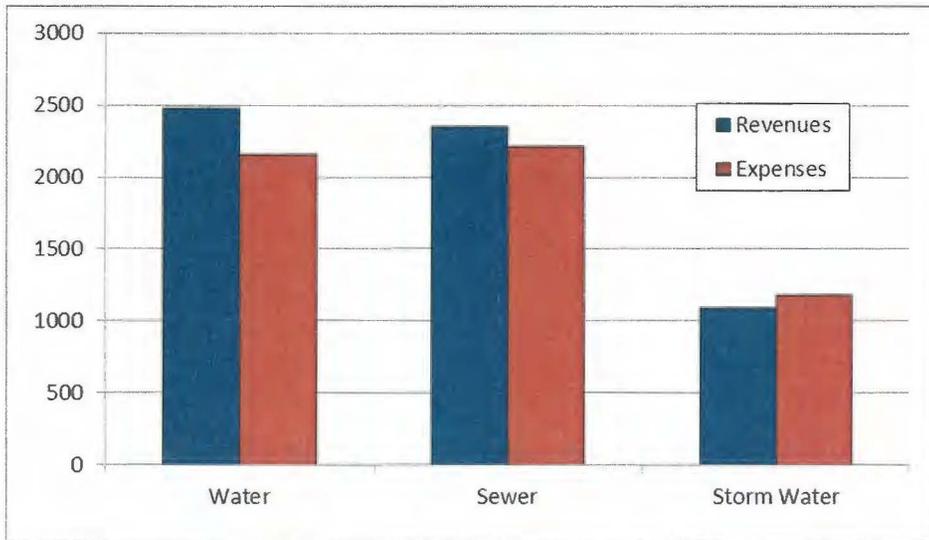


Expenses by Function – Governmental Activities

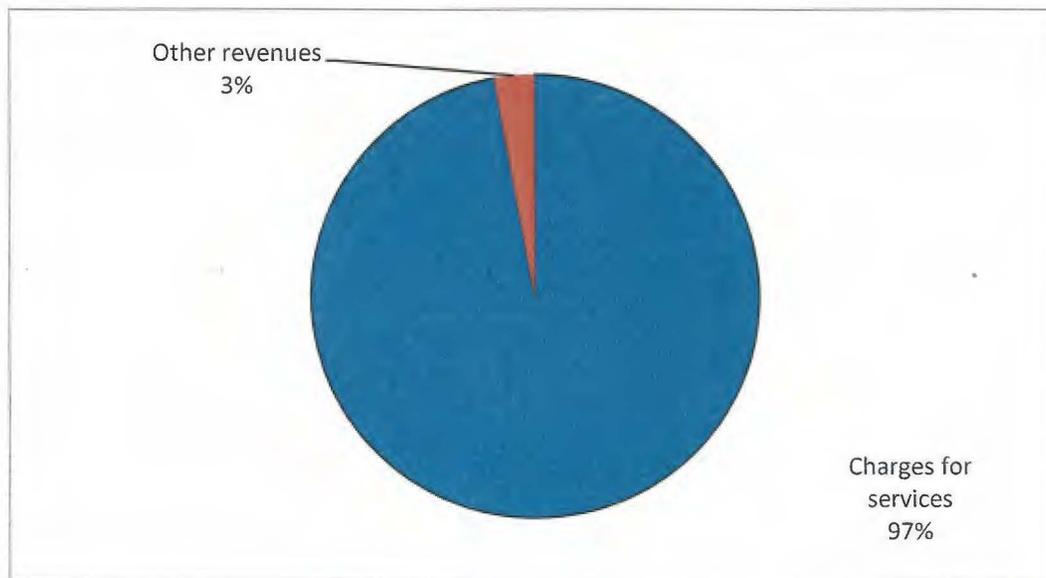


Business-type activities. The significant changes between the 2013 business-type activities compared to the 2012 data include a decrease in charges for services of \$206,000 and increase in expenditures before transfers of \$242,000.

Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the City of Cudahy's governmental funds reported combined ending fund balances of \$30.9 million, a decrease of \$2.6 million in comparison with the prior year. Approximately 10.5 percent of this total amount (\$3.2 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Management has set aside \$3.2 million of unassigned fund balance to provide working capital per the City's policy. In addition, the deficit fund balance for the non-major funds (\$7,000) reduces the unassigned fund balance amount. The City has nonspendable fund balance (\$429,000) for prepaid items (\$329,000) and the Cudahy Family Library's children endowment fund (\$100,000). Restricted fund balance (\$21.0 million) includes amounts that will be used to pay tax increment district project costs (\$13.1 million), debt service (\$5.6 million), noncurrent receivables (\$797,000), the Cudahy Family Library's endowment fund (\$214,000) and other library activities (\$337,000). The City has also committed fund balance (\$2.0 million) for specific purposes. Lastly, the assigned fund balance (\$4.2 million) includes amounts for capital project funding (\$3.9 million) and for a variety of general fund activities (\$329,000).

The general fund is the chief operating fund of the City of Cudahy. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3.6 million, while total fund balance amounted to \$4.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance (\$3.6 million), which includes the fund balance set aside for working capital (\$3.2 million), to total general fund expenditures. Unassigned fund balance represents 28 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount.

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

Unrestricted net position of the Water Utility at the end of the year amounted to \$254,000, for the Sewer Utility amounted to \$754,000 and for the Storm Water Utility amounted to \$2.1 million. The change in net position for these funds included a decrease of \$63,000 in the Water Utility, an increase of \$118,000 in the Sewer Utility and an decrease \$42,000 in the Storm Water Utility.

General Fund Budgetary Highlights

Actual revenues and other financing sources were less than budget by \$85,000. Budgetary expenditures were less than budget by \$61,000 on a total budget of \$12.94 million. In total, the General Fund results were an increase to fund balance of \$19,000. Accordingly, on a budgetary basis the General Fund experienced a total unfavorable budget variance of \$21,000.

Capital Asset and Debt Administration

Capital assets. The City of Cudahy's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2013 and 2012 amounts to \$82.8 million and \$83.5 million, respectively. This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park facilities, utility infrastructure, street infrastructure constructed during the year and library books.

CITY OF CUDAHY'S CAPITAL ASSETS						
(net of accumulated depreciation)						
December 31,						
(In Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land & improvements	\$ 14,924	\$ 14,939	\$ 168	\$ 168	\$ 15,092	\$ 15,107
Construction in progress	-	-	-	269	-	269
Buildings	9,487	9,668	454	513	9,941	10,181
Machinery and equipment	3,524	3,571	1,674	1,840	5,198	5,411
Intangible assets	75	-	-	-	75	-
Infrastructure	21,208	21,957	30,770	30,059	51,978	52,016
Library books	494	509	-	-	494	509
Total	<u>\$ 49,712</u>	<u>\$ 50,644</u>	<u>\$ 33,066</u>	<u>\$ 32,849</u>	<u>\$ 82,778</u>	<u>\$ 83,493</u>

Additional information on the City of Cudahy's capital assets can be found in Note III D. on pages 47 - 49 of this report.

Long-term debt. At the end of the current and prior fiscal years, the City of Cudahy had total long-term obligations outstanding of \$70.4 million and \$75.0 million, respectively. Of these amounts, debt backed by the full faith and credit of the government comprised \$38.7 million in 2013 and \$42.1 million in 2012. The remainder of the City of Cudahy's bonds represents debt secured solely by specified revenue sources (i.e., revenue bonds).

The City's total debt decreased by \$4,625,000 during the current fiscal year.

CITY OF CUDAHY'S OUTSTANDING DEBT						
December 31,						
(In Thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General obligation bonds and notes	\$ 35,218	\$ 38,350	\$ 3,511	\$ 3,743	\$ 38,729	\$ 42,093
Revenue bonds	20,419	22,343	5,420	5,810	25,839	28,153
Compensated absences	949	929	-	-	949	929
Other post-employment benefits	4,092	3,365	84	70	4,176	3,435
Other	599	424	117	-	716	424
Total	<u>\$ 61,277</u>	<u>\$ 65,411</u>	<u>\$ 9,132</u>	<u>\$ 9,623</u>	<u>\$ 70,409</u>	<u>\$ 75,034</u>

The City most recent Moody's ratings were: an AA3 bond rating for its general obligation debt and an A1 rating for the Community Development Authority debt, Water and Sewer Utility revenue bonds and Storm Water Utility Revenue Bonds. Standard & Poor's rating of the City's stayed at AA- in 2013.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City of Cudahy is \$58.87 million which is significantly in excess of the City of Cudahy's outstanding general obligation debt of \$38.7 million.

Additional information on the City of Cudahy's long-term debt can be found in Note III F. on pages 51 - 57 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Cudahy is located in Milwaukee County, WI. The unemployment rate for Milwaukee County at December 31, 2013 was 7.2 percent which was slightly lower than the prior year. The City has a higher percentage of low to moderate income population than Milwaukee County as a whole. However, the number of jobs available in the City of Cudahy has remained very stable the last three years.

The City's population trend has also been very stable the past few years.

As disclosed in Note II D. to the financial statements, legislation exists that limits the City's future tax levies. For taxes levied in 2013 collected in 2014 the limit will be the greater of the percentage change in the City's equalized value due to new construction or .0071%. Changes in debt service from one year to the next are generally exempt from this limit.

The City's past year's budgets have qualified the City to receive the Expenditure Restraint Shared Revenue (ERP) payment. It is expected that the 2014 budget will also qualify for the ERP payment. The City's past experience demonstrates a continuing reduction in State of Wisconsin aids for shared revenues.

Requests for Information

This financial report is designed to provide a general overview of the City of Cudahy's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Comptroller, City of Cudahy, 5050 South Lake Drive, Cudahy, Wisconsin 53110.

BASIC FINANCIAL STATEMENTS

CITY OF CUDAHY

STATEMENT OF NET POSITION As of December 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 27,744,259	\$ 2,377,623	\$ 30,121,882
Taxes receivable	15,115,088	-	15,115,088
Accounts receivable, net of allowance of \$51,875	126,235	1,593,746	1,719,981
Accrued investment income	28,805	-	28,805
Special assessments receivable	342,840	-	342,840
Loans receivable	797,424	-	797,424
Other receivables	90,241	-	90,241
Internal balances	(28,293)	28,293	-
Prepaid items	328,972	-	328,972
Deposit with Cities and Villages			
Mutual Insurance Company	722,170	-	722,170
Materials and supply inventory	-	31,806	31,806
Restricted assets - cash and investments	2,822,115	1,133,297	3,955,412
Land held for resale	2,064,833	-	2,064,833
Capital assets			
Land	14,599,528	168,316	14,767,844
Other capital assets, net of depreciation	35,112,530	32,897,309	68,009,839
Total Assets	99,866,747	38,230,390	138,097,137
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized loss on refunding	941,495	65,525	1,007,020
Total Deferred Outflows of Resources	941,495	65,525	1,007,020
LIABILITIES			
Accounts payable and other current liabilities	864,031	796,382	1,660,413
Accrued interest payable	352,620	66,320	418,940
Unearned revenue	-	17,328	17,328
Noncurrent liabilities			
Due within one year	5,486,469	629,996	6,116,465
Due in more than one year	55,790,187	8,502,218	64,292,405
Total Liabilities	62,493,307	10,012,244	72,505,551
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue	14,667,724	-	14,667,724
Total Deferred Inflows of Resources	14,667,724	-	14,667,724
NET POSITION			
Net investment in capital assets	23,001,680	24,800,926	43,450,866
Restricted for			
Debt service	3,099,964	276,657	3,376,621
TID activities	13,462,373	-	13,462,373
Library endowment	100,000	-	100,000
Library capital improvements	214,393	-	214,393
Library operations	336,971	-	336,971
Equipment replacement	-	101,759	101,759
Unrestricted (Deficit)	(16,568,170)	3,104,329	(9,112,101)
TOTAL NET POSITION	\$ 23,647,211	\$ 28,283,671	\$ 51,930,882

See accompanying notes to financial statements.

CITY OF CUDAHY

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental Activities							
General government	\$ 2,831,581	\$ 447,748	\$ -	\$ -	\$ (2,383,833)	\$ -	\$ (2,383,833)
Protection of persons and property	8,996,578	1,387,529	136,964	925	(7,471,160)	-	(7,471,160)
Public works	3,298,924	355,337	956,070	-	(1,987,517)	-	(1,987,517)
Health and sanitation	2,123,620	522,290	630,533	-	(970,797)	-	(970,797)
Parks and recreation	226,898	4,000	-	-	(222,898)	-	(222,898)
Library	1,058,750	52,606	211,041	29,845	(765,258)	-	(765,258)
Conservation and development	1,650,921	-	15,377	211,285	(1,424,259)	-	(1,424,259)
Interest and fiscal charges	2,128,748	-	-	-	(2,128,748)	-	(2,128,748)
Total Governmental Activities	22,316,020	2,769,510	1,949,985	242,055	(17,354,470)	-	(17,354,470)
Business-type Activities							
Water	2,139,035	2,476,966	-	-	-	337,931	337,931
Sewer	2,210,998	2,321,063	23,580	-	-	133,645	133,645
Storm Water	1,182,926	1,064,170	23,238	-	-	(95,518)	(95,518)
Total Business-type Activities	5,532,959	5,862,199	46,818	-	-	376,058	376,058
Totals	\$ 27,848,979	\$ 8,631,709	\$ 1,996,803	\$ 242,055	(17,354,470)	376,058	(16,978,412)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					6,802,811	-	6,802,811
Property taxes, levied for debt service					1,177,630	-	1,177,630
Property taxes, levied for tax increment districts					5,518,764	-	5,518,764
Other taxes					22,367	-	22,367
Intergovernmental revenues not restricted to specific programs					3,708,817	-	3,708,817
Investment income					157,503	5,357	162,860
Miscellaneous					164,842	7,294	172,136
Gain (loss) on disposal of assets					(1,501,970)	-	(1,501,970)
Transfers					375,295	(375,295)	-
Total General Revenues and Transfers					16,426,059	(362,644)	16,063,415
Change in Net Position					(928,411)	13,414	(914,997)
NET POSITION - Beginning of Year as Restated					24,575,622	28,270,257	52,845,879
NET POSITION - END OF YEAR					\$ 23,647,211	\$ 28,283,671	\$ 51,930,882

CITY OF CUDAHY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	<u>General</u>	<u>Tax Increment District #1 Tax Levy</u>	<u>Debt Service</u>	<u>Tax Increment District #1 Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 3,669,775	\$ 9,837,403	\$ 3,427,573	\$ 2,514,506	\$ 7,703,850	\$ 27,153,107
Accounts receivable (net of allowance uncollectibles of \$51,875)	-	-	-	-	105,097	105,097
Taxes receivable	6,311,910	5,628,386	1,177,630	8,388	1,988,774	15,115,088
Special assessments receivable	-	-	-	24,853	317,986	342,839
Loans receivable	-	-	-	797,424	-	797,424
Other receivables	111,610	-	-	-	-	111,610
Due from other funds	508,953	-	-	-	-	508,953
Due from other governments	177	-	-	-	-	177
Restricted cash and investments	-	-	2,144,115	-	678,000	2,822,115
Prepaid items	278,877	-	-	-	50,095	328,972
Total Assets	\$ 10,881,302	\$ 15,465,789	\$ 6,749,318	\$ 3,345,171	\$ 10,843,802	\$ 47,285,382

CITY OF CUDAHY

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2013

	<u>General</u>	<u>Tax Increment District #1 Tax Levy</u>	<u>Debt Service</u>	<u>Tax Increment District #1 Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
LIABILITIES						
Accounts payable	\$ 313,924	\$ 36,800	\$ -	\$ 17,344	\$ 131,502	\$ 499,570
Accrued liabilities	192,378	89	-	321	17,438	210,226
Due to other governments	-	-	-	-	-	-
Due to other funds	<u>166,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,890</u>	<u>537,246</u>
Total Liabilities	<u>672,658</u>	<u>36,889</u>	<u>-</u>	<u>17,665</u>	<u>519,830</u>	<u>1,247,042</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned revenues	6,003,670	5,628,386	1,177,630	-	1,858,038	14,667,724
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,241</u>	<u>454,325</u>	<u>487,566</u>
Total Deferred Inflows of Resources	<u>6,003,670</u>	<u>5,628,386</u>	<u>1,177,630</u>	<u>33,241</u>	<u>2,312,363</u>	<u>15,155,290</u>
FUND BALANCES						
Nonspendable	278,877	-	-	-	150,095	428,972
Restricted	-	9,800,514	5,571,688	3,294,265	2,321,387	20,987,854
Committed	-	-	-	-	1,987,530	1,987,530
Assigned	282,598	-	-	-	3,923,487	4,206,085
Unassigned (Deficit)	<u>3,643,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(370,890)</u>	<u>3,272,609</u>
Total Fund Balances	<u>4,204,974</u>	<u>9,800,514</u>	<u>5,571,688</u>	<u>3,294,265</u>	<u>8,011,609</u>	<u>30,883,050</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 10,881,302</u>	<u>\$ 15,465,789</u>	<u>\$ 6,749,318</u>	<u>\$ 3,345,171</u>	<u>\$ 10,843,802</u>	<u>\$ 47,285,382</u>

CITY OF CUDAHY

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION For the Year Ended December 31, 2013

Fund balance - total governmental funds	\$ 30,883,050
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and other assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land held for resale	2,064,833
Land	14,599,528
Other capital assets	62,692,431
Less: Accumulated depreciation	(27,579,899)

Some receivables that are 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.

Special assessments	487,566
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Internal service funds are used by management to charge costs of insurance coverage to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position.

	1,187,483
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Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, not reported in the funds.

Bonds and notes payable	(55,636,995)
Unamortized loss on refunding	941,495
Unamortized debt premium	(597,297)
MADACC obligation	(1,397)
Compensated absences	(949,347)
Accrued interest	(352,620)
Unfunded OPEB liability	<u>(4,091,620)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES

	<u>\$ 23,647,211</u>
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CITY OF CUDAHY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	General	Tax Increment District #1 Tax Levy	Debt Service	Tax Increment District #1 Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 5,729,290	\$ 5,216,248	\$ 1,177,630	\$ -	\$ 1,392,750	\$ 13,515,918
Other taxes	-	-	-	-	5,654	5,654
Intergovernmental	4,709,033	34,465	16,957	194,244	858,117	5,812,816
Licenses and permits	517,415	-	-	-	-	517,415
Fines, forfeitures and penalties	838,722	-	-	-	30,822	869,544
Public charges for services	412,326	-	-	-	911,987	1,324,313
Interdepartmental charges for services	28,996	-	-	-	-	28,996
Public improvement revenues	-	-	-	8,823	307,037	315,860
Investment income	42,586	21,569	7,521	3,124	15,141	89,941
Commercial revenues	99,689	-	4,220	41	91,064	195,014
Total Revenues	<u>12,378,057</u>	<u>5,272,282</u>	<u>1,206,328</u>	<u>206,232</u>	<u>3,612,572</u>	<u>22,675,471</u>
EXPENDITURES						
Current						
General government	2,580,408	-	-	-	69,343	2,649,751
Protection of persons and property	7,520,344	-	-	-	479,739	8,000,083
Public works	1,547,065	-	-	-	44,620	1,591,685
Health and sanitation	878,712	-	-	-	1,218,079	2,096,791
Park and recreation	210,606	-	-	-	-	210,606
Library	-	-	-	-	732,891	732,891
Conservation and development	-	798,789	-	634,792	705,757	2,139,338
Capital Outlay	4,624	-	-	94,310	1,608,539	1,707,473
Debt Service						
Principal retirement	-	-	14,170,450	-	-	14,170,450
Interest and other charges	-	-	2,213,610	-	-	2,213,610
Total Expenditures	<u>12,741,759</u>	<u>798,789</u>	<u>16,384,060</u>	<u>729,102</u>	<u>4,858,968</u>	<u>35,512,678</u>
Excess (deficiency) of revenues over expenditures	<u>(363,702)</u>	<u>4,473,493</u>	<u>(15,177,732)</u>	<u>(522,870)</u>	<u>(1,246,396)</u>	<u>(12,837,207)</u>
OTHER FINANCING SOURCES (USES)						
Sale of property	-	-	-	-	441,133	441,133
Long-term debt issued	-	-	9,160,000	-	-	9,160,000
Premium on long term debt issued	-	-	234,221	-	-	234,221
Transfers in	429,546	-	5,631,666	2,139,855	1,114,363	9,315,430
Transfers out	<u>(46,296)</u>	<u>(6,484,030)</u>	<u>-</u>	<u>(870,433)</u>	<u>(1,539,376)</u>	<u>(8,940,135)</u>
Total Other Financing Sources (Uses)	<u>383,250</u>	<u>(6,484,030)</u>	<u>15,025,887</u>	<u>1,269,422</u>	<u>16,120</u>	<u>10,210,649</u>
Net change in fund balances	19,548	(2,010,537)	(151,845)	746,552	(1,230,276)	(2,626,558)
FUND BALANCES - Beginning of Year	<u>4,185,426</u>	<u>11,811,051</u>	<u>5,723,533</u>	<u>2,547,713</u>	<u>9,241,885</u>	<u>33,509,608</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,204,974</u>	<u>\$ 9,800,514</u>	<u>\$ 5,571,688</u>	<u>\$ 3,294,265</u>	<u>\$ 8,011,609</u>	<u>\$ 30,883,050</u>

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CITY OF CUDAHY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds \$ (2,626,558)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is reported in the government-wide financial statements as capital or other assets	1,707,473
Some items capitalized were not reported as capital outlay	47,000
Some items reported as capital outlay were not capitalized	(615,023)
Land purchased and held for resale	517,263
Land held for resale sold during the year	(1,722,481)
Depreciation is reported in the government-wide statements	(1,847,444)
Net book value of assets retired	(220,622)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements. (282,039)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(9,160,000)
Principal repaid	14,170,450
Payments on tax increment revenue bonds	49,706

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences	(20,388)
Unfunded OPEB liability	(726,777)
Accrued interest on debt	143,838

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, these are deferred and reported as other assets or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Amortization of loss on refunding	(114,404)
Premium on debt issued	(234,221)
Amortization of debt premium	55,424

Internal service funds are used by management to charge self insurance costs to individual funds. (49,608)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (928,411)

CITY OF CUDAHY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2013

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
ASSETS					
Current Assets					
Cash and investments	\$ 14,282	\$ 577,749	\$ 1,785,592	\$ 2,377,623	\$ 591,151
Accounts receivable	600,249	644,886	348,611	1,593,746	28,575
Due from other funds	55,361	80,980	30,015	166,356	-
Materials, supply inventory and prepaid items	31,806	-	-	31,806	-
Restricted assets - cash and investments	155,523	30,613	127,388	313,524	-
Total Current Assets	857,221	1,334,228	2,291,606	4,483,055	619,726
Non-Current Assets					
Restricted assets - cash and investments	237,315	187,834	394,624	819,773	-
Capital Assets					
Property and equipment	20,346,646	9,201,448	17,567,348	47,115,442	-
Less: Accumulated depreciation	(9,622,264)	(1,846,449)	(2,581,104)	(14,049,817)	-
Total Capital Assets, Net of Depreciation	10,724,382	7,354,999	14,986,244	33,065,625	-
Investment in Cities and Villages Mutual Insurance Company	-	-	-	-	722,170
Total Non-Current Assets	10,961,697	7,542,833	15,380,868	33,885,398	722,170
Total Assets	11,818,918	8,877,061	17,672,474	38,368,453	1,341,896
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	51,653	13,872	-	65,525	-
Total Deferred Outflows of Resources	51,653	13,872	-	65,525	-

See accompanying notes to financial statements.

CITY OF CUDAHY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 As of December 31, 2013

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Utility	Sewer Utility	Storm Water Utility		
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 51,382	\$ 535,024	\$ 47,732	\$ 634,138	\$ 154,413
Accrued payroll	18,171	4,255	2,888	25,314	-
Due to other funds	138,063	-	-	138,063	-
Accrued compensated absences	136,930	-	-	136,930	-
Unearned revenue	17,328	-	-	17,328	-
Accrued interest on general obligation debt	2,158	10,282	17,013	29,453	-
Current portion of general obligation debt	14,759	78,716	121,521	214,996	-
Current Liabilities Payable from Restricted Assets					
Accrued interest on revenue bonds	10,234	2,579	24,054	36,867	-
Current portion of revenue bonds	217,950	42,050	155,000	415,000	-
Total Current Liabilities	<u>606,975</u>	<u>672,906</u>	<u>368,208</u>	<u>1,648,089</u>	<u>154,413</u>
Noncurrent Liabilities					
Net OPEB obligation	83,976	-	-	83,976	-
Long-term debt, net of current maturities					
General obligation debt	193,421	1,278,219	1,941,602	3,413,242	-
Revenue bonds payable	1,332,800	342,200	3,330,000	5,005,000	-
Total Noncurrent Liabilities	<u>1,610,197</u>	<u>1,620,419</u>	<u>5,271,602</u>	<u>8,502,218</u>	<u>-</u>
Total Liabilities	<u>2,217,172</u>	<u>2,293,325</u>	<u>5,639,810</u>	<u>10,150,307</u>	<u>154,413</u>
NET POSITION					
Net investment in capital assets	9,254,420	5,713,761	9,832,745	24,800,926	-
Restricted for debt service	145,289	28,034	103,334	276,657	-
Restricted for equipment replacement	-	101,759	-	101,759	-
Unrestricted	253,690	754,054	2,096,585	3,104,329	1,187,483
TOTAL NET POSITION	<u>\$ 9,653,399</u>	<u>\$ 6,597,608</u>	<u>\$ 12,032,664</u>	<u>\$ 28,283,671</u>	<u>\$ 1,187,483</u>

See accompanying notes to financial statements.

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CITY OF CUDAHY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities -
	Water Utility	Sewer Utility	Storm Water Utility		Internal Service Fund
OPERATING REVENUES					
Charges for services and sales	\$ 2,364,097	\$ 2,321,063	\$ 1,064,170	\$ 5,749,330	\$ 32,200
Other operating revenues	112,869	-	-	112,869	-
Total Operating Revenues	<u>2,476,966</u>	<u>2,321,063</u>	<u>1,064,170</u>	<u>5,862,199</u>	<u>32,200</u>
OPERATING EXPENSES					
Operation and maintenance	1,531,957	2,012,712	695,590	4,240,259	110,018
Depreciation	529,648	109,379	247,151	886,178	-
Total Operating Expenses	<u>2,061,605</u>	<u>2,122,091</u>	<u>942,741</u>	<u>5,126,437</u>	<u>110,018</u>
Operating Income	<u>415,361</u>	<u>198,972</u>	<u>121,429</u>	<u>735,762</u>	<u>(77,818)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	259	1,308	3,790	5,357	28,210
Intergovernmental revenue	-	22,609	23,238	45,847	-
Miscellaneous revenue	-	4,559	3,706	8,265	-
Interest expense	(70,387)	(87,016)	(240,140)	(397,543)	-
Amortization	(7,043)	(1,891)	-	(8,934)	-
Loss on disposal of assets	-	-	(45)	(45)	-
Total Nonoperating Revenues (Expenses)	<u>(77,171)</u>	<u>(60,431)</u>	<u>(209,451)</u>	<u>(347,053)</u>	<u>28,210</u>
Income (Loss) Before Transfers	338,190	138,541	(88,022)	388,709	(49,608)
TRANSFERS					
Transfers in	-	-	46,296	46,296	-
Transfers out	(401,463)	(20,128)	-	(421,591)	-
Total Transfers	<u>(401,463)</u>	<u>(20,128)</u>	<u>46,296</u>	<u>(375,295)</u>	<u>-</u>
Change in Net Position	<u>(63,273)</u>	<u>118,413</u>	<u>(41,726)</u>	<u>13,414</u>	<u>(49,608)</u>
NET POSITION – Beginning of Year as Restated	<u>9,716,672</u>	<u>6,479,195</u>	<u>12,074,390</u>	<u>28,270,257</u>	<u>1,237,091</u>
NET POSITION – END OF YEAR	<u>\$ 9,653,399</u>	<u>\$ 6,597,608</u>	<u>\$ 12,032,664</u>	<u>\$ 28,283,671</u>	<u>\$ 1,187,483</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 2,617,057	\$ 2,435,904	\$ 1,060,920	\$ 6,113,881	\$ -
Cash received from (paid to) city	50,622	(50,591)	-	31	31,387
Cash paid to suppliers for goods and services	(997,558)	(1,838,019)	(324,723)	(3,160,300)	(105,059)
Cash payments to employees for services	(527,040)	(152,538)	(336,819)	(1,016,397)	-
Net Cash Flows From Operating Activities	<u>1,143,081</u>	<u>394,756</u>	<u>399,378</u>	<u>1,937,215</u>	<u>(73,672)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash payments from (to) city	(401,463)	(20,128)	46,296	(375,295)	-
Cash deficit implicitly financed	(232,464)	-	-	(232,464)	-
Net Cash Flows From Non-capital Financing Activities	<u>(633,927)</u>	<u>(20,128)</u>	<u>46,296</u>	<u>(607,759)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(203,877)	(273,579)	(675,806)	(1,153,262)	-
Interest rebate on Build America Bonds	-	22,610	23,238	45,848	-
Principal paid on debt	(220,124)	(122,086)	(279,170)	(621,380)	-
Premium from debt issuance	-	57,412	59,294	116,706	-
Interest paid on debt	(71,811)	(93,204)	(243,671)	(408,686)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(495,812)</u>	<u>(408,847)</u>	<u>(1,116,115)</u>	<u>(2,020,774)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	<u>259</u>	<u>1,308</u>	<u>3,790</u>	<u>5,357</u>	<u>28,210</u>
Net Cash Flows From Investing Activities	<u>259</u>	<u>1,308</u>	<u>3,790</u>	<u>5,357</u>	<u>28,210</u>
Net Change in Cash and Cash Equivalents	<u>13,601</u>	<u>(32,911)</u>	<u>(666,651)</u>	<u>(685,961)</u>	<u>(45,462)</u>
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>393,519</u>	<u>829,107</u>	<u>2,974,255</u>	<u>4,196,881</u>	<u>636,613</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 407,120</u>	<u>\$ 796,196</u>	<u>\$ 2,307,604</u>	<u>\$ 3,510,920</u>	<u>\$ 591,151</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2013

	Business-type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Sewer Utility	Storm Water Utility		Internal Service Fund
CASH AND CASH EQUIVALENTS - STATEMENT OF NET POSITION					
Unrestricted	\$ 14,282	\$ 577,749	\$ 1,785,592	\$ 2,377,623	\$ 591,151
Restricted - current	155,523	30,613	127,388	313,524	-
Restricted - non-current	237,315	187,834	394,624	819,773	-
	<u>\$ 407,120</u>	<u>\$ 796,196</u>	<u>\$ 2,307,604</u>	<u>\$ 3,510,920</u>	<u>\$ 591,151</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 415,361	\$ 198,972	\$ 121,429	\$ 735,762	\$ (77,818)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	529,648	109,379	247,151	886,178	-
Depreciation charged to other accounts	50,622	-	-	50,622	-
Non-operating income	-	4,559	-	4,559	-
Change in Assets and Liabilities					
Accounts receivable	122,763	110,283	(3,250)	229,796	(813)
Materials, supplies inventory and prepaid items	(23,375)	38	38	(23,299)	-
Accounts payable	4,757	(30,046)	32,387	7,098	4,959
Accrued expenses	11,632	1,571	1,623	14,826	-
Net OPEB obligation	14,345	-	-	14,345	-
Deferred credits	17,328	-	-	17,328	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 1,143,081</u>	<u>\$ 394,756</u>	<u>\$ 399,378</u>	<u>\$ 1,937,215</u>	<u>\$ (73,672)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Long-term debt refunded	\$ -	\$ 1,025,000	\$ 1,060,000	\$ 2,085,000	\$ -

See accompanying notes to financial statements.

CITY OF CUDAHY

**STATEMENT OF ASSETS AND LIABILITES
AGENCY FUND**

As of December 31, 2013

	<u>Tax Roll Agency Fund</u>
ASSETS	
Cash and investments	\$ 15,912,821
Taxes receivable	<u>4,222,447</u>
Total Assets	<u>20,135,268</u>
 LIABILITIES	
Due to other taxing units	<u>\$ 20,135,268</u>

See accompanying notes to financial statements.

CITY OF CUDAHY

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CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the City of Cudahy. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financial accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Units

The Community Development Authority of the City of Cudahy (Authority) is governed by a seven member board appointed by the Mayor and confirmed by the City Common Council. Although it is legally separate from the City, the Authority is reported as a blended component unit, as if it were part of the primary government, because its sole purpose is to finance and construct the City's projects located within the City of Cudahy Tax Incremental Financing Districts. The Authority does not issue separate financial statements.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Blended Component Units (continued)

The Cudahy Family Library Endowment Fund Inc., a nonprofit corporation, is considered a component unit of the Cudahy Family Library because of its financial relationship with the Library. The financial transactions of the Cudahy Family Library Endowment Fund Inc. are accounted for in the Library Fund. Separate statements were not issued for the Cudahy Family Library Endowment Fund Inc.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In November 2010, the GASB issued statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013.

In March 2012, the GASB issued statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013.

Government-Wide Financial Statements

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

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

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which are 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, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenues, and expenditure/expenses.

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

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

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 – accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Tax Increment District (TID) #1 Tax Levy Special Revenue Fund – used to account for and report grants and local revenues legally restricted or committed to supporting expenditures for the TID #1 program.

Debt Service Fund – used to account for and report financial resources for that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs, other than TID or enterprise debt.

Tax Increment District (TID) #1 Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures outlined in Tax Increment District #1 project plan.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

***Fund Financial Statements* (continued)**

The City reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system.
- Sewer Utility – accounts for operations of the sanitary sewer system.
- Storm Water Utility – accounts for operations of the storm water system.

The City reports the following non-major governmental funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

- Library Fund
- Ambulance Fund
- Grant Fund
- Health Grant Fund
- Recycling Fund
- Special Collections Fund
- Special Assessment Fund
- Environmental Tax Increment District Fund #1
- Environmental Tax Increment District Fund #2
- K-9 Fund
- Hotel & Motel Tax Fund
- Rental Property Inspection Fund

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

- Revolving Permanent Improvements Fund
- Community Development Authority Fund
- Road and Equipment Improvements Fund
- Capital Improvements Fund

In addition, the City reports the following fund types:

Internal service funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City accounts for its self-insured activities in the Internal Service Fund.

Agency funds are used to account for and report assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The City accounts for its tax collections in the Agency Fund.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer, and storm water utilities 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.

Fund Financial Statements

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

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

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Fund Financial Statements (continued)

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues.

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

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. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

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 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, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

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

See Note III.A. for further information.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying agency fund statement of assets and liabilities.

Property tax calendar – 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	March 31, 2014
Third installment due	May 31, 2014
Personal property taxes in full	January 31, 2014
Final settlement with County	On or before August 15, 2014
Tax deed by county – 2013 delinquent real estate taxes	October 2016

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer and storm water utilities because they have the right by law to place delinquent bills on the tax roll, and other delinquent bills are generally not significant.

The City provides water, sewer, and storm water service to customers primarily within its municipal boundaries. Sales to the two largest customers are billed monthly, all other customers are billed on a tri-annual cycle basis, payable in 20 days, for all classes of customers for service rendered during the previous tri-annual period. Water rates are approved by the Public Service Commission. Sewer service charges to consumers are computed at rates established by the City's Common Council. Certified commercial and industrial customers are billed for sewer service charges at amounts determined by the Milwaukee Metropolitan Sewerage District plus local maintenance and equipment replacement charges. Storm water rates are established by the City's Common Council. Unbilled revenues from the last billing to the end of the year are estimated and recorded as accrued utility revenues. Delinquent balances at the time of the property tax lien date are placed on the customer's tax bill and collected through the normal tax collection process.

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

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

2. Receivables (continued)

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at lower of cost or market on a first in, first out basis, and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the 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. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government–Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$10,000 for infrastructure assets, and an estimated useful life in excess of one year. The Water Utility defines a capital asset as an asset with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

5. Capital Assets (continued)

Government–Wide Statements (continued)

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

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

Buildings and improvements	20-40	Years
Land improvements	20-30	Years
Machinery and equipment	2-25	Years
Library books	10	Years
Utility system	18-100	Years
Infrastructure	15-40	Years
Intangible assets	3-5	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 the same way as in the government-wide statements.

6. Land Held for Resale

In 2008 and 2009 the City purchased certain parcels of land for costs of \$328,604 and \$1,215,850, respectfully. The City purchased additional land in 2013 for \$517,263. In addition, the City sold land valued at \$1,722,481 in 2013. These properties are included in the City's Tax Increment District No. 1 and are part of the City's redevelopment plan. It is the intent of management to sell these properties at market value. The carrying value of the land held for resale is at the lower of cost or market.

7. Other Assets

The City's investment in the Cities and Villages Mutual Insurance Company is recorded at cost.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

8. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund statements.

9. Compensated Absences

Employees earn varying amounts of vacation based on length of service. Vacation is not cumulative. Sick pay benefits may be accumulated by employees in accordance with the provisions of union contracts and administrative policies to specified maximums. Accumulated sick leave benefits are payable in cash in accordance with the terms of the applicable contract or policies upon an employee's retirement or death. Included in the government-wide statements is \$330,326 of vacation earned but not paid and estimated future accumulated sick pay benefits of \$619,021 at December 31, 2013 for all employees.

10. Long-Term Obligations/Conduit Debt

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

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method or effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

The City has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is approximately \$4,600,000 made up of one issue.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

11. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

12. Equity Classifications

Government–Wide Statements

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

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

The net position section includes an adjustment for capital assets owned by the business-type activities column but financed by debt of the governmental activities column. The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net Investment in capital assets	\$ 23,001,680	\$ 24,800,926	\$ (4,351,740)	\$ 43,450,866
Unrestricted (deficit)	(16,568,170)	3,104,329	4,351,740	(9,112,101)

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.

Fund Financial Statements

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

- a. Nonspendable – Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

12. Equity Classifications (continued)

Fund Financial Statements (continued)

- b. Restricted – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance may be assigned through the following; 1) The City has adopted a financial policy authorizing the City Mayor and Finance Director to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. Unassigned – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceeds amounts restricted, committed or assigned for those purposes.

Propriety fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 25% of subsequent years general fund revenues. The balance at year end was \$3,240,918 and is included in unassigned general fund balance.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Basis for Existing Rates

Current water rates were approved by the Public Service Commission of Wisconsin on May 7, 2013, effective July 1, 2013.

Current sewer rates and stormwater rates were approved by the Common Council on September 4, 2012, effective January 1, 2013.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C. except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of designated funds or intra-fund charges.

A budget has been adopted for the following funds in accordance with Wisconsin Statute 65.90.

- General Fund
- Special Revenue Funds
 - Library Operating Fund
 - Ambulance Fund
 - Health Grant Fund
 - Recycling Fund
 - Special Collections Fund
- Debt Service Fund
- Capital Projects Fund
 - Tax Increment District #1 Capital Projects, (for administration expenditures only)
 - Road and Equipment Improvements Fund
- Enterprise Funds
 - Water Utility
 - Sewer Utility
 - Storm Water Utility

Budgets have not been formally adopted for remaining City funds.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments or from contingency. Certain transfers between departments and changes to the overall budget must be approved by a two-thirds council action. There were no supplemental appropriations during the year. Appropriations lapse at year end unless specifically carried over. Budgetary control is exercised at the individual fund level for all funds.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Actual expenditures exceeded budgeted appropriations in the following governmental and proprietary funds:

<u>Fund</u>	<u>Amount</u>
Debt Service Fund	\$ 9,809,988
Library	198,247
Ambulance	16,712
Health Grants	43,519
Rental Property Inspection	32,085
Equipment & Road	324,318
Storm Water Utility	144,025

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2013, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>
Grant Fund	\$ 6,702
Environmental TIF #2 Fund	581

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the city's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City's cash and investments at year end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Deposits	\$ 44,027,074	\$ 39,862,342	Custodial credit
Mutual funds	2,507,629	2,507,629	Credit, interest rate
LGIP	3,451,832	3,451,832	Credit
Petty cash	3,580	n/a	
Total Cash and Investments	\$ 49,990,115	\$ 45,821,803	
Reconciliation to financial statements			
Per statement of net position			
Unrestricted cash and investments	\$ 30,121,882		
Restricted cash and investments	3,955,412		
Per statement of net position - fiduciary funds	15,912,821		
Total Cash and Investments	\$ 49,990,115		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposits (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts. Deposits in the credit union are insured by the National Credit Union Administration in the amount of \$250,000 for all share draft accounts and \$250,000 for all share certificate and regular share accounts.

Bank accounts and credit unions are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

The City maintains a collateral agreement with one of its banks. At December 31, 2013, the bank had pledged various government securities in the amount of \$32.5 million to secure the City's deposits.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may not be returned to the City.

As of December 31, 2013, \$2.3 million of the City's total bank balances of \$39.9 million was exposed to custodial credit risk by being uninsured and uncollateralized.

Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City does not have an investment policy pertaining to custodial credit risk.

As of December 31, 2013 the City does not have any investments subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As of December 31, 2013 the City's investments were rated as follows:

Investment Type	Standard & Poor's	Standard & Poor's	Bank Balance
Mutual funds	AAAm	Aaa-mf	\$ 2,507,629
LGIP	Not Rated	Not Rated	3,451,832

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment.

As of December 31, 2013 the City's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Mutual funds	<u>\$ 2,507,629</u>	<u>45</u>

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Special assessments of \$342,839 and Tax Increment District No.1 receivables of \$797,424 are not expected to be collected within one year. All other receivables are expected to be collected within one year.

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not 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 *unavailable revenue and unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 14,662,122	\$ -
Special assessments receivable	-	487,566
Subsequent period prepayments	<u>5,602</u>	<u>-</u>
Total Unavailable/Unearned Revenue for Governmental Funds	<u>\$ 14,667,724</u>	<u>\$ 487,566</u>

Enterprise 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 water utility had \$17,328 in unearned revenue related to water tower lease payments.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

Long Term Debt Accounts

The City's Water, Sewer and Storm Water Utility created Special Redemption Funds to additionally secure the payment of principal and interest on revenue bonds. The City ordinances which required the creation of Special Redemption Funds also required the establishment of a separate "Reserve Fund" within the Special Redemption Fund. Restricted assets consist of the following:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Storm Water Utility</u>	<u>Total</u>
Revenue Bond Funds				
Reserve Fund	\$ 237,315	\$ 86,075	\$ 394,624	\$ 718,014
Special Redemption Fund	<u>155,523</u>	<u>30,613</u>	<u>127,388</u>	<u>313,524</u>
 BALANCES - December 31	 <u>\$ 392,838</u>	 <u>\$ 116,688</u>	 <u>\$ 522,012</u>	 <u>\$ 1,031,538</u>

The City of Cudahy Community Development Authority has issued Redevelopment Lease Revenue bonds to finance certain expenditures within the City of Cudahy Tax Increment Districts. In connection therewith, certain debt service reserve and redemption accounts have been placed with an escrow agent. These deposits amount to \$2,507,722 at December 31, 2013.

Library Accounts

The City of Cudahy Library Fund has certain amounts that are restricted for purposes of supporting activities, programs and capital improvements at the Library. These deposits amount to \$314,393 at December 31, 2013.

Equipment Replacement Account

In accordance with the City's ordinance enacting a sewer user charge system and Department of Natural Resources' regulations, the Sewer Utility has, as part of the rate structure, incorporated an equipment replacement charge. Revenues generated from this charge are to be accumulated and used for the replacement of mechanical equipment. The balance in this reserve as of December 31, 2013 is \$101,759.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 14,602,644	\$ -	\$ 3,116	\$ 14,599,528
Total Capital Assets Not Being Depreciated	14,602,644	-	3,116	14,599,528
Capital assets being depreciated				
Land improvements	385,764	-	-	385,764
Buildings	13,192,611	-	-	13,192,611
Machinery and equipment	8,185,003	493,395	617,095	8,061,303
Intangible assets	-	89,665	-	89,665
Library books	1,248,234	90,321	105,733	1,232,822
Infrastructure	39,907,190	466,066	642,992	39,730,264
Total Capital Assets Being Depreciated	62,918,802	1,139,447	1,365,820	62,692,429
Less: Accumulated depreciation for				
Land improvements	(49,598)	(11,022)	-	(60,620)
Buildings	(3,525,049)	(180,528)	-	(3,705,577)
Machinery and equipment	(4,613,913)	(506,482)	583,307	(4,537,088)
Intangible assets	-	(14,944)	-	(14,944)
Library books	(739,381)	(105,499)	105,733	(739,147)
Infrastructure	(17,949,712)	(1,028,969)	456,158	(18,522,523)
Total Accumulated Depreciation	(26,877,653)	(1,847,444)	1,145,198	(27,579,899)
Net Capital Assets Being Depreciated	36,041,149	(707,997)	220,622	35,112,530
Total Governmental Activities Capital Assets, Net of Depreciation	\$ 50,643,793	\$ (707,997)	\$ 223,738	\$ 49,712,058

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 70,944
Protection of persons and property	241,374
Public works, which includes the depreciation of infrastructure	1,336,372
Health and sanitation	7,193
Library	183,444
Park and recreation	<u>8,117</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,847,444</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 168,316	\$ -	\$ -	\$ 168,316
Construction in progress	<u>268,996</u>	<u>-</u>	<u>268,996</u>	<u>-</u>
Total Capital Assets Not Being Depreciated	<u>437,312</u>	<u>-</u>	<u>268,996</u>	<u>168,316</u>
Capital assets being depreciated				
Water Utility buildings and structures	2,610,400	24,416	4,717	2,630,099
Water Utility machinery and equipment	5,391,135	135,383	55,795	5,470,723
Water Utility infrastructure	12,034,183	44,078	753	12,077,508
Storm Water Utility infrastructure	16,656,154	912,010	816	17,567,348
Sewer Utility infrastructure	<u>8,923,245</u>	<u>306,371</u>	<u>28,168</u>	<u>9,201,448</u>
Total Capital Assets Being Depreciated	<u>45,615,117</u>	<u>1,422,258</u>	<u>90,249</u>	<u>46,947,126</u>
Less: Accumulated depreciation for				
Water Utility buildings and structures	(2,097,608)	(83,848)	4,717	(2,176,739)
Water Utility machinery and equipment	(3,550,780)	(301,749)	55,795	(3,796,734)
Water Utility infrastructure	(3,454,871)	(194,673)	753	(3,648,791)
Storm Water Utility infrastructure	(2,334,724)	(247,151)	771	(2,581,104)
Sewer Utility infrastructure	<u>(1,765,238)</u>	<u>(109,379)</u>	<u>28,168</u>	<u>(1,846,449)</u>
Total Accumulated Depreciation	<u>(13,203,221)</u>	<u>(936,800)</u>	<u>90,204</u>	<u>(14,049,817)</u>
Net Capital Assets Being Depreciated	<u>32,411,896</u>	<u>485,458</u>	<u>45</u>	<u>32,897,309</u>
Total Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 32,849,208</u>	<u>\$ 485,458</u>	<u>\$ 269,041</u>	<u>\$ 33,065,625</u>

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 580,270
Sewer	109,379
Storm Water	<u>247,151</u>
 Total Business-type Activities Depreciation Expense	 <u>\$ 936,800</u>

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General	\$ 55,361
Sewer Utility	General	80,980
Storm Water Utility	General	30,015
General	Grant	6,702
General	Water Utility	138,063
General	Environmental TIF #2	<u>364,188</u>
Sub-total		675,309
Eliminations		<u>(703,602)</u>
Total Internal Balances - Government-Wide Statement of Net Assets		 <u>\$ (28,293)</u>

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

The principal purposes of these interfunds are the collection of delinquent utility bills on the tax roll and the allocation of comingled cash between funds. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (continued)

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General	Water Utility	\$ 401,463	Tax equivalent
General	Sewer Utility	20,128	Tax equivalent
General	Hotel/Motel Tax Fund	7,955	Room tax revenue
Debt Service	Special Assessment	78,819	Debt service
Debt Service	Tax Incremental District #1 Tax Levy	5,141,599	Debt service
Debt Service	Environmental Tax Incremental District Fund #1	160,663	Debt service
Debt Service	Environmental Tax Incremental District Fund #2	75,905	Debt service
Debt Service	Tax Incremental District #1 Capital Projects Fund	174,680	Debt service
Environmental Tax Incremental District Fund #1	Tax Incremental District #1 Capital Projects Fund	695,753	Debt payments
Tax Incremental District #1 Capital Projects Fund	Environmental Tax Incremental District Fund #1	797,424	Debt payments
Tax Incremental District #1 Capital Projects Fund	Tax Incremental District #1 Tax Levy	1,342,431	To fund capital projects
Environmental Tax Incremental District Fund #2	Environmental Tax Incremental District Fund #1	418,610	TID revenue
Storm Water Utility	General	<u>46,296</u>	Storm water activity
Subtotal - Fund financial statements		9,361,726	
Less: Fund eliminations		<u>(8,986,431)</u>	
Total Transfers - Government-wide Statement of Activities		<u>\$ 375,295</u>	
Governmental Activities	Business-type Activities	\$ 375,295	
Business-type Activities	Governmental Activities	-	
Total		<u>\$ 375,295</u>	

Generally, transfers are used to 1) move revenues from the fund that collects them to the fund that the budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General Obligation Debt					
Bonds	\$ 27,657,089	\$ -	\$ 5,383,622	\$ 22,273,467	\$ 1,530,003
Clean Water Fund loans	57,794	-	57,794	-	-
Refunding bonds	<u>10,635,000</u>	<u>3,895,000</u>	<u>1,585,000</u>	<u>12,945,000</u>	<u>1,520,000</u>
Total General Obligation Debt	38,349,883	3,895,000	7,026,416	35,218,467	3,050,003
Redevelopment Lease Revenue Bonds	21,590,000	5,265,000	7,140,000	19,715,000	2,090,000
Tax Increment Revenue Bonds	<u>753,234</u>	<u>-</u>	<u>49,706</u>	<u>703,528</u>	<u>-</u>
Total Bonds and Notes Payable	60,693,117	9,160,000	14,216,122	55,636,995	5,140,003
Add: Unamortized debt premium	<u>418,500</u>	<u>234,221</u>	<u>55,424</u>	<u>597,297</u>	<u>-</u>
Total Governmental Activities Bonds and Notes Payable	<u>61,111,617</u>	<u>9,394,221</u>	<u>14,271,546</u>	<u>56,234,292</u>	<u>5,140,003</u>
Other Liabilities					
Vested compensated absences	928,959	20,388	-	949,347	346,466
Net OPEB liability	3,364,843	726,777	-	4,091,620	-
MADACC obligation	<u>5,431</u>	<u>-</u>	<u>4,034</u>	<u>1,397</u>	<u>-</u>
Total Other Liabilities	<u>4,299,233</u>	<u>747,165</u>	<u>4,034</u>	<u>5,042,364</u>	<u>346,466</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 65,410,850</u>	<u>\$ 10,141,386</u>	<u>\$ 14,275,580</u>	<u>\$ 61,276,656</u>	<u>\$ 5,486,469</u>
Business-type Activities					
Revenue Bonds Payable	\$ 5,810,000	\$ -	\$ 390,000	\$ 5,420,000	\$ 415,000
General Obligation Bonds Payable	3,742,911	2,060,000	2,291,379	3,511,532	214,996
Add: Unamortized debt premium	<u>-</u>	<u>124,000</u>	<u>7,294</u>	<u>116,706</u>	<u>-</u>
Total Business-type Activities Bonds Payable	<u>9,552,911</u>	<u>2,184,000</u>	<u>2,688,673</u>	<u>9,048,238</u>	<u>629,996</u>
Other Liabilities					
Net OPEB liability	<u>69,631</u>	<u>31,049</u>	<u>16,704</u>	<u>83,976</u>	<u>-</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 9,622,542</u>	<u>\$ 2,215,049</u>	<u>\$ 2,705,377</u>	<u>\$ 9,132,214</u>	<u>\$ 629,996</u>

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed five percent of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2013, was \$58,870,190. Total general obligation debt outstanding at year end was \$38,729,999.

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2013
Governmental Activities					
General Obligation Debt					
Refunding Bonds	9/9/10	11/1/2019	2.0 - 2.25	\$ 4,140,000	\$ 3,015,000
	4/12/12	6/1/2022	2.0 - 2.5	5,255,000	4,810,000
	4/12/12	4/1/2022	.5 - 3.125	1,825,000	1,620,000
	5/23/13	10/1/2029	2.0 - 3.25	3,895,000	<u>3,500,000</u>
					<u>12,945,000</u>
General Obligation Bonds	6/1/06	6/1/2022	4.0 - 4.1	3,580,000	180,000
	3/7/07	2/1/2027	3.875 - 4.0	7,070,000	6,330,000
	4/2/08	4/1/2028	3.0 - 4.0	2,210,000	1,820,000
	12/8/09	10/1/2021	2.0 - 5.2	3,950,000	3,325,000
	2/1/10	2/1/2030	1.0 - 5.95	1,555,000	1,450,000
	10/13/11	3/1/2031	2.0 - 4.0	10,053,669	<u>9,168,467</u>
					<u>22,273,467</u>
Total Governmental Activities					
General Obligation Debt					<u>\$ 35,218,467</u>

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/2013</u>
Business-type Activities					
Water, Sewer and Storm Water Systems					
General Obligation Bonds					
Storm Water Utility	10/13/11	3/1/2031	2.0 - 4.0	\$ 1,106,230	\$ 1,008,829
Water Utility	10/13/11	3/1/2031	2.0 - 4.0	228,280	208,180
Sewer Utility	10/13/11	3/1/2031	2.0 - 4.0	366,821	334,523
Storm Water Utility	05/23/13	10/1/2029	2.0 - 3.25	1,045,000	995,000
Sewer Utility	05/23/13	10/1/2029	2.0 - 3.25	1,015,000	<u>965,000</u>
Total Business-type Activities General Obligation Debt					<u>\$ 3,511,532</u>

Debt service requirements to maturity are as follows:

	<u>Governmental Activities General Obligation Debt</u>		<u>Business-type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 3,050,003	\$ 1,581,725	\$ 214,996	\$ 103,133
2015	3,160,661	1,578,786	219,339	98,504
2016	3,088,490	1,264,541	226,510	93,373
2017	3,358,425	1,193,542	231,575	86,647
2018	3,669,017	1,116,031	250,983	79,559
2019-2023	15,080,743	1,862,964	1,304,257	274,247
2024-2028	2,915,400	494,984	814,600	119,723
2029-2031	895,728	54,431	249,272	11,192
Totals	<u>\$ 35,218,467</u>	<u>\$ 9,147,004</u>	<u>\$ 3,511,532</u>	<u>\$ 866,378</u>

Revenue Debt

The Community Development Authority (CDA) of the City of Cudahy (City) issued Redevelopment Lease Revenue Bonds pursuant to Sections 66.4325, 66.431 and 66.436 of the Wisconsin Statutes for the purpose of financing project costs associated with the City's Tax Incremental Districts #1. The bonds are not general obligations of the CDA or the City, and do not constitute an indebtedness within any constitutional or statutory limitation or provision. The bonds are payable solely out of the revenues and income derived by the CDA pursuant to a lease agreement between the City and the CDA.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Revenue Debt (continued)

In conjunction with the issuance of the bonds, the CDA and City entered into a lease agreement which generally provides for payments by the City to the CDA in amounts sufficient to pay the principal and interest payments on the bonds as they come due. It is the City's intent to annually budget the rental payments under the lease, and finance such payments with tax increments generated by Tax Incremental Districts #1.

The CDA is part of the primary government for financial reporting purposes. Accordingly, the CDA's debt and assets are reported as part of the City's debt and assets. The City has reported the proceeds of debt issued for construction in its capital projects funds. Debt service activity is reported in the City's Debt Service Fund. Lease arrangements between the City and CDA have been eliminated for reporting purposes.

Revenue debt payable at December 31, 2013 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Amount	Balance 12/31/2013
Governmental Activities					
Lease Development Revenue Bonds	06/28/06	6/1/2019	3.5 - 4.35	\$ 6,415,000	\$ 6,225,000
	03/04/09	12/14/2014	1.25 - 3.0	2,350,000	385,000
	10/13/11	6/1/2022	.75 - 3.25	3,200,000	2,900,000
	03/14/12	6/1/2022	.6 - 2.6	3,580,000	3,540,000
	11/01/12	6/1/2027	1.25 - 4.3	1,430,000	1,400,000
	03/07/13	6/1/2019	.7 - 1.75	5,265,000	5,265,000
Total Governmental Activities Revenue Debt					\$ 19,715,000
Business-type Activities					
Water and Sewer System Revenue Bonds					
Water Utility	03/07/07	5/1/2021	4.0 - 4.1	\$ 1,253,150	\$ 940,750
Sewer Utility	03/07/07	5/1/2021	4.0 - 4.1	511,850	384,250
Water Utility	04/02/08	5/1/2018	3.75 - 4.0	1,120,000	610,000
Storm Water Utility	04/02/08	5/1/2028	3.25 - 4.5	4,150,000	3,485,000
Total Business-type Activities Revenue Debt					\$ 5,420,000

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Revenue Debt (continued)

Debt service requirements to maturity are as follows:

	Governmental Activities Revenue Debt		Business-type Activities Revenue Debt	
	Principal	Interest	Principal	Interest
	2014	\$ 2,090,000	\$ 443,630	\$ 415,000
2015	2,380,000	399,055	430,000	197,615
2016	2,590,000	348,928	445,000	181,021
2017	2,740,000	293,346	460,000	163,277
2018	2,855,000	229,844	485,000	144,378
2019-2023	6,280,000	453,839	1,600,000	494,365
2024-2028	780,000	65,423	1,585,000	202,231
Totals	\$ 19,715,000	\$ 2,234,065	\$ 5,420,000	\$ 1,596,321

The Water, Sewer and Storm Water Utilities have pledged future revenues, net of specified operating expenses, to repay \$5,420,000 of revenue bonds issued in 2007 and 2008. Proceeds from the bonds provided financing for the Water, Sewer and Storm Water Utilities. The bonds are payable solely from utility revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require 30% of net revenues. Total principal and interest remaining to be paid on the bonds is \$7.0 million. Principal and interest paid for the current year and total customer net revenues were \$618,503 and \$1,629,450 respectively.

Other Debt Information

Estimated payments of compensated absences and the other post employment benefit obligation are not included in the debt service requirement schedules. The compensated absences and the other post employment benefits obligation liabilities attributable to governmental activities will be liquidated primarily by the general fund.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Tax Increment Project Revenue Bonds

The City has authorized the issuance of Tax Incremental Project Revenue Bonds for the purpose of financing certain projects to eliminate blight and encourage development. The principal on the bonds is solely payable from tax increments in Tax Increment District No. 1 after certain developments have met established thresholds of equalized value to the City. In conjunction with the authorization of these debt issues, the City entered into developer agreements for the sale of the debt issues to local businesses to provide development incentives to assist developers in undertaking the projects. The details related to the debt issues are:

<u>TID No.</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Balance 12/31/13</u>
1	08/26/02	11/1/2022	None	\$ 702,576	\$ 614,186
1	11/27/02	11/1/2022	None	400,000	89,342
	Total				<u>\$ 703,528</u>

The bonds have no established repayment terms. Any obligation for repayment will expire on the maturity date shown above.

Intermunicipal Agreement

The City is a member of the Milwaukee Area Domestic Animal Control Commission (MADACC) along with eighteen other communities within Milwaukee County. The commission was created by an agreement signed in 1997 pursuant to the provisions of Section 66.30 of the Wisconsin Statutes. The commission was established to provide a jointly operated control services facility for domestic animals. The commission is governed by a nineteen member Board consisting of one representative from each municipality, each having one vote. Formulas for the sharing of operating and debt costs, and for the distribution of assets upon termination of participation, are provided within the agreement. Over the years the commission has borrowed funds, which are due annually through 2014, for the purchase of land and the construction of a facility. The City's share of that borrowing of \$1,397 is included in the Long-Term Obligations.

Defeasance of Debt

The City and CDA defeased certain debt issues by placing the proceeds of new debt in an irrevocable trust with an escrow agent to provide for all future debt payments on the old debt. Accordingly, the trust account assets and liabilities for the defeased debt are not included in the City's financial statements. At December 31, 2013, \$2,805,000 million of outstanding debt is considered defeased.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Unamortized Amount on Refunding

Unamortized amounts on refunding arise from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is capitalized and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide statements. Amortization for 2013 was \$114,404 and \$8,934 for the governmental activities and business-type activities respectively.

Current Refundings

In 2013, the City issued \$5.955 million of General Obligation Refunding Bonds with an average coupon rate of 2.3% to refund \$6.15 million of outstanding Build America Bonds with an interest rate of 3.14%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded debt prior to the current refunding was approximately \$7.45 million from 2013 through 2029. The cash flow requirements on the General Obligation Refunding Bonds are approximately \$7.05 million from 2013 through 2029. The current refunding resulted in an economic gain (difference between the present values and the debt service payments on the old and new debt) of approximately \$356,000.

In 2013, the City issued \$5.265 million of Redevelopment Lease Revenue Refunding Bonds with an average coupon rate of 1.34% to refund \$5.295 million of outstanding Build America Bonds with an interest rate of 3.7%. The net proceeds along with existing funds of the City were used to prepay the outstanding debt.

The cash flow requirements on the refunded bonds prior to the current refunding was approximately \$6.09 million from 2013 through 2019. The cash flow requirements on the Redevelopment Lease Revenue Refunding Bonds are approximately \$5.5 million from 2013 through 2019. The current refunding resulted in an economic gain (difference between the present values and the debt service payments on the old and new debt) of approximately \$399,000.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES

Governmental Activities

Net position reported on the government-wide statement of net position at December 31, 2013 include the following:

Net Investment in Capital Assets	
Land	\$ 14,599,528
Other capital assets, net of accumulated depreciation	35,112,530
Less: long-term debt outstanding	(55,636,995)
Plus: non-capital long-term debt	22,224,390
Plus: unspent capital related debt proceeds	6,609,865
Plus: unamortized debt premium of capital debt	532,485
Less: loss on refunding of capital debt	<u>(440,123)</u>
Total Net Investment in Capital Assets	23,001,680
Restricted for	
Debt service	3,099,964
TID activities	13,462,373
Library endowment	100,000
Library capital improvements	214,393
Library operations	336,971
Unrestricted (deficit)	<u>(16,568,170)</u>
 Total Governmental Activities Net Position	 <u>\$ 23,647,211</u>

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Governmental Activities (continued)

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

Nonspendable	
Major Funds	
General Fund	
Prepaid items	\$ 278,877
Total Major Funds	<u>\$ 278,877</u>
Nonmajor Funds	
Special Revenue Funds	
Library Fund - Library Children's Endowment	\$ 100,000
Ambulance Fund - Prepaid items	399
Health Grant Fund	<u>163</u>
Sub-Total	<u>100,562</u>
Capital Projects Funds	
Road & Equipment Improvements Fund - Prepaid items	2,246
Capital Improvements Fund - Prepaid items	<u>47,287</u>
Sub-Total	<u>49,533</u>
Total Nonmajor Funds	<u>\$ 150,095</u>
Restricted	
Major Funds	
Special Revenue Fund - Tax Increment District #1 Tax Levy - Project costs	\$ <u>9,800,514</u>
Debt Service Fund - Debt service	<u>5,571,688</u>
Capital Projects Fund - Tax Increment District #1 - Noncurrent receivables	797,424
Project costs	<u>2,496,841</u>
Sub-Total	<u>3,294,265</u>
Total Major Funds	<u>\$ 18,666,467</u>

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Governmental Activities (continued)

Restricted (continued)

Nonmajor Funds

Special Revenue Funds

Library Fund - Library Endowment Fund	\$	214,393
Library Fund - Library activities		336,971
Special Assessment Fund - Debt service		25,000
Environmental Tax Incremental District Fund #1 - Project costs		675,008
Environmental Tax Incremental District Fund #2 - Bond funds		363,607

Capital Projects Funds

Community Development Authority Fund - Project costs		<u>706,408</u>
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Total Nonmajor Funds	\$	<u>2,321,387</u>
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Committed

Nonmajor Funds

Special Revenue Funds

Library Fund	\$	53,201
Ambulance Fund		165,525
Health Grant Fund		14,860
Recycling Fund		263,504
Special Collections Fund		199,530
Special Assessment Fund		1,178,344
K-9 Fund		6,522
Hotel & Motel Tax Fund		23,859
Rental Property Inspection Fund		<u>82,185</u>

Total Nonmajor Funds	\$	<u>1,987,530</u>
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CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Governmental Activities (continued)

Assigned

Major Funds

General Fund

Assessment of property	\$	65,082
Assessor software		43,495
Equipment acquisition - Computer equipment and software		109,261
Voting machines		2,000
Federal asset forfeiture		17,143
State Asset forfeiture		12,576
Safety grant		280
Police department		29,661
Election training		<u>3,100</u>
Sub-Total		<u>282,598</u>

Total Major Funds \$ 282,598

Nonmajor Funds

Capital Projects Funds

Revolving Permanent Improvement Fund	\$	171,047
Road & Equipment Improvements Fund		381,037
Capital Improvements Fund - subsequent years expenditures		<u>3,371,403</u>

Total Nonmajor Funds \$ 3,923,487

Unassigned

Major Funds

General Fund

\$ 3,643,499

Nonmajor Funds

Special Revenue Funds

Grant Fund	\$	(6,702)
Environmental TIF #2		<u>(364,188)</u>

Total Nonmajor Funds \$ (370,890)

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2013

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. NET POSITION/FUND BALANCES (continued)

Business-Type Activities

Business-type activities net position reported on the government-wide statement of net position at December 31, 2013 includes the following:

Net Investment in Capital Assets	
Land	\$ 168,316
Other capital assets, net of accumulated depreciation	32,897,309
Less: related long-term debt outstanding	(8,982,713)
Add: Unspent proceeds of long-term debt	<u>718,014</u>
Total Net Investment in Capital Assets	<u>24,800,926</u>
Restricted	
Equipment replacement	101,759
Debt service	<u>276,657</u>
Total Restricted	<u>378,416</u>
Unrestricted	<u>3,104,329</u>
Total Business-Type Activities Net Assets	<u>\$ 28,283,671</u>

The City has identified \$4.35 million of business-type activities capital assets which were financed by governmental activities debt in its Tax Increment Districts. This amount has been reclassified from net investment in capital assets in the total column on the government-wide statement of net position.

H. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be capitalized. The details of this restatement are as follows:

	Governmental Activities	Water Utility	Sewer Utility	Storm Water Utility	Business-type Activities
Net Position - December 31, 2012 (as reported)	\$ 25,842,906	\$ 9,749,256	\$ 6,511,039	\$ 12,177,522	\$ 28,437,817
Less: Unamortized debt issuance costs	<u>(1,267,284)</u>	<u>(32,584)</u>	<u>(31,844)</u>	<u>(103,132)</u>	<u>(167,560)</u>
Net Position - December 31, 2012 (as restated)	<u>\$ 24,575,622</u>	<u>\$ 9,716,672</u>	<u>\$ 6,479,195</u>	<u>\$ 12,074,390</u>	<u>\$ 28,270,257</u>

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 hours a year and expected to be employed for at least a year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, and Executives and Elected Officials. Required contributions for protective contributions are the same as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for December 31, 2013 are:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for City employees covered by the system for the year ended December 31, 2013 was \$8.1 million; the employer's total payroll was \$8.6 million. The total required contribution for the year ended December 31, 2013 was \$1.6 million or 18.7% of covered payroll. Of this amount, 100% was contributed for the current year. Total contributions for the years ending December 31, 2012 and 2011 were \$1.4 million and \$1.4 million, respectively, equal to the required contributions for each year.

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

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

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

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION (continued)

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; worker's compensation; environmental damage; and health care of its employees. The City purchases general and automobile liability insurance from the Cities and Villages Mutual Insurance Company. The City purchases commercial insurance for all other risks. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Self Insurance

In 1992, the City issued \$702,926 taxable General Obligation Refunding Bonds to provide financing of the City's participation in the Wisconsin Municipal Insurance Commission ("WMIC"). The WMIC is an intergovernmental cooperative commission formed to facilitate the formation of the Cities and Villages Mutual Insurance Company ("CVMIC"). The CVMIC is a separate and distinct entity independent of the WMIC and is owned by the participating cities and villages of the WMIC. The CVMIC was formed to provide liability insurance to Wisconsin municipalities as of January 1, 1988.

In prior years, the CVMIC paid dividends to the City based on a schedule designed to enable the City to partially or totally finance the City's debt service requirements on its related debt. As of December 31, 2007, the City's debt and the WMIC's debt were paid in full. The WMIC has no assets, liabilities, equity or financial activity for the year ended December 31, 2013.

The CVMIC provides the City with \$5 million of liability coverage for losses over its self-insurance retention level of \$100,000 per occurrence with a \$400,000 aggregate stop loss. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

The City's annual cost is its annual premium, claims and other operating expenses. An annual premium is charged to cover expected claims and administrative costs. The claims component of the premium is determined by independent actuaries and allocated among participating municipalities based on payroll and loss history. The City and other participating cities and villages are subject to cover loss experiences, which exceed predictions through retrospective assessments.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The municipality does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Percentage participation can be affected by acceptance of new members to WMIC and CVMIC. The City's percentage participation in WMIC and CVMIC at December 31, 2013 was 1.67%. Upon withdrawal, expulsion or dissolution, the City would be entitled to a lump sum payment which at December 31, 2013 would approximate \$400,000.

Complete financial statements for CVMIC can be obtained directly from CVMIC's offices.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION (continued)

B. RISK MANAGEMENT (continued)

Self Insurance (continued)

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported.

	<u>Beginning Balance</u>	<u>Claims and Changes in Estimates</u>	<u>Payments</u>	<u>Ending Balance</u>
2012	\$ 149,454	\$ 80,411	\$ (80,411)	\$ 149,454
2013	\$ 149,454	\$ 59,685	\$ (59,685)	\$ 149,454

At December 31, 2013, the Liability Insurance Fund has net position of \$1.19 million.

C. COMMITMENTS AND CONTINGENCIES

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

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

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

D. OTHER POSTEMPLOYMENT BENEFITS

The City administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance contributions for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The City contributes between 95% and 100% of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses depending on union classification and hiring dates.

For fiscal year 2013, the City contributed \$668,619 to the plan.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The table below shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Retiree Health Plan.

Annual Required Contribution	\$ 1,476,827
Interest on net OPEB obligation	103,034
Adjustment to annual required contribution	<u>(170,120)</u>
Annual OPEB cost (expense)	1,409,741
Contributions made	<u>(668,619)</u>
Increase in net OPEB Liability	741,122
Net OPEB Liability - beginning of year	<u>3,434,474</u>
Net OPEB Liability - end of year	<u>\$ 4,175,596</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2011	\$1,380,583	44%	\$2,708,636
12/31/2012	1,421,725	49%	3,434,474
12/31/2013	1,409,741	47%	4,175,596

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

As of December 31, 2013, the most recent actuarial valuation date, the plan was 0.1% funded. The actuarial accrued liability for benefits was \$14.85 million, and the actuarial value of assets was \$9,920, resulting in an unfunded actuarial accrued liability (UAAL) of \$14.84 million.

The projection of future benefit payments for an ongoing plan involves estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

1. Retirement age for active employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.
2. Mortality – Life expectancies were based on mortality tables from WRS. Separate rates for males and females, as appropriate.
3. Health insurance premiums – December 31, 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.
4. Turnover – Non-group-specific age-based turnover data from GASB Statement No. 45 were used as a basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.
5. Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on recent experience, the experience of medical insurers, future trend expectations, and judgment. A rate of 6.70% initially, reduced to an ultimate rate of 4.40% after 52 years, was used.

CITY OF CUDAHY

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

NOTE IV – OTHER INFORMATION (continued)

D. OTHER POSTEMPLOYMENT BENEFITS (continued)

Based on the historical and expected returns of the utility's short-term investment portfolio, a discount rate of 3% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at December 31, 2013, was 30 years.

E. MAJOR CUSTOMERS

The Water Utility derived \$547,835 or 22% of its user charge revenue from two major customers, each of which are approximately 11% of user charge revenue. The Sewer Utility derived \$753,529 or 32% of its user charge revenue from two major customers. The Storm Water Utility derived \$99,747 or 9% of its user charge revenue from two major customers.

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

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

- > Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*
- > Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*
- > Statement No. 69, *Government Combinations and Disposals of Government Operations*
- > Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Application of these standards may restate portions of these financial statements.

G. SUBSEQUENT EVENTS

In March 2014, the City issued \$885,000 of General Obligation Notes. The proceeds of these notes will be used for city building improvements and equipment purchases.

In March 2014, the City issued \$2.445 million of General Obligation Bonds. The proceeds of these bonds will be used for the 2014/2015 road construction projects.

In March 2014, the City issued \$4.47 million of Water and Sewer System Revenue Bonds. The proceeds of these bonds will be used to finance water and sewer system improvements.

In March 2014, the City issued \$1.905 million of Storm Water System Revenue Bonds. The proceeds of these bonds will be used to finance storm water system improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CUDAHY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP) - GENERAL FUND For the Year Ended December 31, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes	\$ 5,719,077	\$ 5,729,290	\$ 10,213
Intergovernmental	4,729,550	4,702,365	(27,185)
Licenses and permits	578,852	517,415	(61,437)
Fines, forfeitures and penalties	859,048	808,217	(50,831)
Public charges for services	393,540	401,204	7,664
Interdepartmental revenues	151,300	145,662	(5,638)
Investment income	60,500	42,586	(17,914)
Commercial revenues	54,144	73,714	19,570
Total Revenues	<u>12,546,011</u>	<u>12,420,453</u>	<u>(125,558)</u>
EXPENDITURES			
Current			
General government	2,702,907	2,570,503	132,404
Protection of persons and property	7,276,033	7,496,635	(220,602)
Public works	1,816,589	1,663,731	152,858
Health and sanitation	865,771	878,712	(12,941)
Parks and recreation	256,337	210,606	45,731
Capital Outlay	<u>17,860</u>	<u>4,624</u>	<u>13,236</u>
Total Expenditures	<u>12,935,497</u>	<u>12,824,811</u>	<u>110,686</u>
Excess (Deficiency) of Revenues over Expenditures	(389,486)	(404,358)	(14,872)
OTHER FINANCING SOURCES (USES)			
Transfers in	389,486	429,546	40,060
Transfers out	<u>-</u>	<u>(46,296)</u>	<u>(46,296)</u>
Net change in fund balance - budgetary basis	<u>\$ -</u>	<u>(21,108)</u>	<u>\$ (21,108)</u>
Adjustments to generally accepted accounting principles basis			
Revenues credited to designated funds		74,270	
Interdepartmental revenues that represent interfund charges		(116,666)	
Interfund charges for engineering reported as expenditures		116,666	
Other		<u>(33,614)</u>	
Net change in fund balance - generally accepted accounting principles basis		19,548	
FUND BALANCE - Beginning of Year		<u>4,185,426</u>	
FUND BALANCE - END OF YEAR		<u>\$ 4,204,974</u>	

See independent auditors' report and notes to required supplementary information.

CITY OF CUDAHY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
As of December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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Postemployment Health Care Plan

12/31/07	\$	-	\$ 10,801,474	\$ 10,801,474	0%	\$ 8,071,832	134%
12/31/10		-	12,498,996	12,498,996	0%	8,696,391	144%
12/31/13		9,920	14,848,612	14,838,692	0.1%	8,100,570	183%

CITY OF CUDAHY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2013

NOTE 1 – BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 except actual (non-GAAP) revenues and expenditures do not reflect certain transactions of designated funds.

NOTE 2 – FUNDING PROGRESS DATA

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

SUPPLEMENTARY INFORMATION

CITY OF CUDAHY

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2013

	Special Revenue Funds							Environmental Tax Incremental District Fund #1
	Library Fund	Ambulance Fund	Grant Fund	Health Grant Fund	Recycling Fund	Special Collections Fund	Special Assessment Fund	
ASSETS								
Cash and investments	\$ 406,512	\$ 121,437	\$ -	\$ 1,272	\$ 286,551	\$ 195,865	\$ 1,203,747	\$ 675,008
Accounts receivable (net of allowance for uncollectibles of \$51,875)	1,257	52,492	-	22,052	-	7,336	-	-
Taxes receivable	646,182	-	-	-	434,676	180,216	136,338	289,484
Special assessments receivable - due in more than one year	-	-	-	-	-	-	317,986	-
Restricted cash and investments	314,393	-	-	-	-	-	-	-
Prepaid items	-	399	-	163	-	-	-	-
Total Assets	\$ 1,368,344	\$ 174,328	\$ -	\$ 23,487	\$ 721,227	\$ 383,417	\$ 1,658,071	\$ 964,492
LIABILITIES								
Accounts payable	14,544	704	-	3,132	20,467	132	-	-
Accrued liabilities	3,053	7,700	-	-	2,580	3,539	132	-
Due to other funds	-	-	6,702	-	-	-	-	-
Total Liabilities	17,597	8,404	6,702	3,132	23,047	3,671	132	-
DEFERRED INFLOWS OF RESOURCES								
Unearned revenues	646,182	-	-	5,332	434,676	180,216	270	289,484
Unavailable revenues	-	-	-	-	-	-	454,325	-
Total Deferred Inflows of Resources	646,182	-	-	5,332	434,676	180,216	454,595	289,484
FUND BALANCES								
Nonspendable	100,000	399	-	163	-	-	-	-
Restricted	551,364	-	-	-	-	-	25,000	675,008
Committed	53,201	165,525	-	14,860	263,504	199,530	1,178,344	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	(6,702)	-	-	-	-	-
Total Fund Balance (Deficit)	704,565	165,924	(6,702)	15,023	263,504	199,530	1,203,344	675,008
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,368,344	\$ 174,328	\$ -	\$ 23,487	\$ 721,227	\$ 383,417	\$ 1,658,071	\$ 964,492

CITY OF CUDAHY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 As of December 31, 2013

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Environmental Tax Incremental District Fund #2	K-9 Fund	Hotel & Motel Tax Fund	Rental Property Inspection Fund	Revolving Permanent Improvement Fund	Community Development Authority Fund	Road & Equipment Improvements Fund	Capital Improvements	
ASSETS									
Cash and investments	\$ -	\$ 6,567	\$ 22,583	\$ 74,406	\$ 171,047	\$ 693,948	\$ 436,897	\$ 3,408,010	\$ 7,703,850
Accounts receivable (net of allowance for uncollectibles of \$51,875)	-	-	1,276	8,224	-	12,460	-	-	105,097
Taxes receivable	21,878	-	-	-	-	-	280,000	-	1,988,774
Special assessments receivable - due in more than one year	-	-	-	-	-	-	-	-	317,986
Restricted cash and investments	363,607	-	-	-	-	-	-	-	678,000
Prepaid items	-	-	-	-	-	-	2,246	47,287	50,095
Total Assets	<u>\$ 385,485</u>	<u>\$ 6,567</u>	<u>\$ 23,859</u>	<u>\$ 82,630</u>	<u>\$ 171,047</u>	<u>\$ 706,408</u>	<u>\$ 719,143</u>	<u>\$ 3,455,297</u>	<u>\$ 10,843,802</u>
LIABILITIES									
Accounts payable	-	45	-	11	-	-	55,860	36,607	131,502
Accrued liabilities	-	-	-	434	-	-	-	-	17,438
Due to other funds	364,188	-	-	-	-	-	-	-	370,890
Total Liabilities	<u>364,188</u>	<u>45</u>	<u>-</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>55,860</u>	<u>36,607</u>	<u>519,830</u>
DEFERRED INFLOWS OF RESOURCES									
Unearned revenues	21,878	-	-	-	-	-	280,000	-	1,858,038
Unavailable revenues	-	-	-	-	-	-	-	-	454,325
Total Deferred Inflows of Resources	<u>21,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,000</u>	<u>-</u>	<u>2,312,363</u>
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	2,246	47,287	150,095
Restricted	363,607	-	-	-	-	706,408	-	-	2,321,387
Committed	-	6,522	23,859	82,185	-	-	-	-	1,987,530
Assigned	-	-	-	-	171,047	-	381,037	3,371,403	3,923,487
Unassigned	(364,188)	-	-	-	-	-	-	-	(370,890)
Total Fund Balance (Deficit)	<u>(581)</u>	<u>6,522</u>	<u>23,859</u>	<u>82,185</u>	<u>171,047</u>	<u>706,408</u>	<u>383,283</u>	<u>3,418,690</u>	<u>8,011,609</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 385,485</u>	<u>\$ 6,567</u>	<u>\$ 23,859</u>	<u>\$ 82,630</u>	<u>\$ 171,047</u>	<u>\$ 706,408</u>	<u>\$ 719,143</u>	<u>\$ 3,455,297</u>	<u>\$ 10,843,802</u>

CITY OF CUDAHY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Special Revenue Funds							Environmental Tax Incremental District Fund #1
	Library Fund	Ambulance Fund	Grant Fund	Health Grant Fund	Recycling Fund	Special Collections Fund	Special Assessment Fund	
REVENUES								
Taxes	\$ 630,018	\$ -	\$ -	\$ -	\$ -	\$ 180,216	\$ -	\$ 288,880
Other taxes	-	-	-	-	-	-	-	-
Intergovernmental	173,765	35,894	17,925	562,873	67,660	-	-	-
Fines, forfeitures and penalties	30,822	-	-	-	-	-	-	-
Public charges for services	21,784	278,928	-	-	471,862	39,092	-	-
Public improvement revenue	-	-	-	-	-	-	307,037	-
Investment income	1,628	215	-	-	850	438	1,994	1,581
Commercial revenues	67,121	6	-	-	17	-	-	-
Total Revenues	<u>925,138</u>	<u>315,043</u>	<u>17,925</u>	<u>562,873</u>	<u>540,389</u>	<u>219,746</u>	<u>309,031</u>	<u>290,461</u>
EXPENDITURES								
Current								
General Government	-	-	-	-	-	-	-	-
Protection of persons and property	-	358,475	-	-	-	-	-	-
Public works	-	-	-	-	-	-	13,088	-
Health and sanitation	-	-	-	562,893	523,072	132,114	-	-
Library	732,891	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	763
Capital Outlay	325,238	2,415	17,925	-	-	-	12,372	-
Total Expenditures	<u>1,058,129</u>	<u>360,890</u>	<u>17,925</u>	<u>562,893</u>	<u>523,072</u>	<u>132,114</u>	<u>25,460</u>	<u>763</u>
Excess (deficiency) of revenues over expenditures	<u>(132,991)</u>	<u>(45,847)</u>	<u>-</u>	<u>(20)</u>	<u>17,317</u>	<u>87,632</u>	<u>283,571</u>	<u>289,698</u>
OTHER FINANCING SOURCES (USES)								
Sale of property	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	695,753
Transfers out	-	-	-	-	-	-	(78,819)	(1,376,697)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,819)</u>	<u>(680,944)</u>
Net change in fund balances	<u>(132,991)</u>	<u>(45,847)</u>	<u>-</u>	<u>(20)</u>	<u>17,317</u>	<u>87,632</u>	<u>204,752</u>	<u>(391,246)</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>837,556</u>	<u>211,771</u>	<u>(6,702)</u>	<u>15,043</u>	<u>246,187</u>	<u>111,898</u>	<u>998,592</u>	<u>1,066,254</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 704,565</u>	<u>\$ 165,924</u>	<u>\$ (6,702)</u>	<u>\$ 15,023</u>	<u>\$ 263,504</u>	<u>\$ 199,530</u>	<u>\$ 1,203,344</u>	<u>\$ 675,008</u>

CITY OF CUDAHY

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Environmental Tax Incremental District Fund #2	K-9 Fund	Hotel & Motel Tax Fund	Rental Property Inspection Fund	Revolving Permanent Improvement Fund	Community Development Authority Fund	Road & Equipment Improvements Fund	Capital Improvements	
REVENUES									
Taxes	\$ 13,636	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280,000	\$ -	\$ 1,392,750
Other taxes	-	-	5,654	-	-	-	-	-	5,654
Intergovernmental	-	-	-	-	-	-	-	-	858,117
Fines, forfeitures and penalties	-	-	-	-	-	-	-	-	30,822
Public charges for services	-	-	-	100,321	-	-	-	-	911,987
Public improvement revenue	-	-	-	-	-	-	-	-	307,037
Investment income	-	5	-	-	-	1,101	1,261	6,068	15,141
Commercial revenues	-	23,660	-	3	-	-	12	245	91,064
Total Revenues	<u>13,636</u>	<u>23,665</u>	<u>5,654</u>	<u>100,324</u>	<u>-</u>	<u>1,101</u>	<u>281,273</u>	<u>6,313</u>	<u>3,612,572</u>
EXPENDITURES									
Current									
General Government	-	-	-	-	-	-	-	69,343	69,343
Protection of persons and property	-	14,479	-	106,785	-	-	-	-	479,739
Public works	-	-	-	-	-	-	-	31,532	44,620
Health and sanitation	-	-	-	-	-	-	-	-	1,218,079
Library	-	-	-	-	-	-	-	-	732,891
Conservation and development	704,490	-	357	-	-	147	-	-	705,757
Capital Outlay	-	-	-	-	-	-	609,318	641,271	1,608,539
Total Expenditures	<u>704,490</u>	<u>14,479</u>	<u>357</u>	<u>106,785</u>	<u>-</u>	<u>147</u>	<u>609,318</u>	<u>742,146</u>	<u>4,858,968</u>
Excess (deficiency) of revenues over expenditures	<u>(690,854)</u>	<u>9,186</u>	<u>5,297</u>	<u>(6,461)</u>	<u>-</u>	<u>954</u>	<u>(328,045)</u>	<u>(735,833)</u>	<u>(1,246,396)</u>
OTHER FINANCING SOURCES (USES)									
Sale of property	-	-	-	-	-	441,133	-	-	441,133
Transfers in	418,610	-	-	-	-	-	-	-	1,114,363
Transfers out	(75,905)	-	(7,955)	-	-	-	-	-	(1,539,376)
Total Other Financing Sources (Uses)	<u>342,705</u>	<u>-</u>	<u>(7,955)</u>	<u>-</u>	<u>-</u>	<u>441,133</u>	<u>-</u>	<u>-</u>	<u>16,120</u>
Net change in fund balances	(348,149)	9,186	(2,658)	(6,461)	-	442,087	(328,045)	(735,833)	(1,230,276)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>347,568</u>	<u>(2,664)</u>	<u>26,517</u>	<u>88,646</u>	<u>171,047</u>	<u>264,321</u>	<u>711,328</u>	<u>4,154,523</u>	<u>9,241,885</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (581)</u>	<u>\$ 6,522</u>	<u>\$ 23,859</u>	<u>\$ 82,185</u>	<u>\$ 171,047</u>	<u>\$ 706,408</u>	<u>\$ 383,283</u>	<u>\$ 3,418,690</u>	<u>\$ 8,011,609</u>