

CITY OF AMERY, WISCONSIN

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

For The Year Ended December 31, 2005

CITY OF AMERY, WISCONSIN

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For The Year Ended December 31, 2005

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AND SUPPLEMENTARY INFORMATION
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Tracey & Thole, s.c.

certified public accountants

INDEPENDENT AUDITOR'S REPORT

To The City Council
City of Amery
Amery, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amery, Wisconsin (City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's Council and management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Amery, Wisconsin as of December 31, 2005, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through xii and 40 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

April 20, 2006


TRACEY & THOLE, S.C.
Certified Public Accountants

CITY OF AMERY, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2005

As management of the City of Amery, Wisconsin (City), we offer the readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ending December 31, 2005. Please consider this information in conjunction with the City's financial statements, which begin on page 2 following this narrative.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$8,101,017 (*net assets*). Of this amount, \$6,656,888 represented the City's investment in capital assets, net of related debt, \$591,452 was held for restricted purposes, and \$852,677 as unrestricted. The unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- During the fiscal year, the City's total net assets increased by \$1,130,808. Net assets related to the business-type activities of the City increased \$98,163, while net assets related to governmental activities increased \$1,032,645.
- At the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$645,455, an increase of \$341,370 from the previous year. This increase was primarily attributable to the excess of revenues over expenditures within the general fund in the amount of \$179,551, Brownsfield funds received related to prior years costs and transferred to the general fund in the amount of \$45,893, increases in debt service funds related to the new fire hall construction debt in the amount of \$86,446, and TIF #5 revenues exceeding expenditures and other uses by \$85,397.
- At the end of 2005, the unreserved, undesignated general fund balance was a negative \$57,570.
- The City's total long-term debt decreased by \$261,474 during the current fiscal year. The City borrowed \$305,000 in general obligation debt during the year to fund a fire truck and TIF district developers agreements in the amounts of \$280,000 and \$25,000, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

CITY OF AMERY, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2005

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found beginning on page 8 of this report.

CITY OF AMERY, WISCONSIN

MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2005

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

The basic fiduciary fund financial statements can be found beginning on page 11 of this report.

Notes to the Financial Statements

The notes to the basic financial statements provide additional detail that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 13 of this report.

Supplementary Information

In addition to the basic financial statement and accompanying notes, this report presents certain required supplementary information on the City's operating budget. Required supplementary information can be found beginning on page 40 of this report.

Following the basic government-wide and fund financial statements, accompanying notes, and required supplementary information, additional supplementary information has been provided as part of this report. The supplementary information includes combining statements for the nonmajor governmental funds, individual fund statements for selected funds, a detailed schedule supporting the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities (Exhibit 4A) and various debt repayment schedules. This supplementary information section of the report begins on page 43.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$8,101,017 at the close of 2005. The largest portion of these net assets (82%) reflect the City's investment in capital assets, including land, land improvements, buildings, machinery and equipment, infrastructure, plant in service and construction in progress, net of related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. On the following page is a summary of the City's statement of net assets:

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

**Condensed Statement of Net Assets
December 31, 2005 and 2004**

	Governmental Activities		Business-type Activities		Totals	
	12/31/05	12/31/04	12/31/05	12/31/04	12/31/05	12/31/04
Current and other assets	\$ 3,077,684	\$ 2,262,274	\$ 807,988	\$ 904,397	\$ 3,885,672	\$ 3,166,671
Capital assets	5,818,224	5,574,639	6,281,784	6,410,285	12,100,008	11,984,924
Total assets	<u>8,895,908</u>	<u>7,836,913</u>	<u>7,089,772</u>	<u>7,314,682</u>	<u>15,985,680</u>	<u>15,151,595</u>
Long-term debt outstanding	3,290,836	3,362,584	2,373,699	2,563,425	5,664,535	5,926,009
Other long-term obligations	422,583	455,325	77,043	76,571	499,626	531,896
Other liabilities	1,699,091	1,568,251	21,411	155,230	1,720,502	1,723,481
Total liabilities	<u>5,412,510</u>	<u>5,386,160</u>	<u>2,472,153</u>	<u>2,795,226</u>	<u>7,884,663</u>	<u>8,181,386</u>
Net assets:						
Invested in capital assets, net of related debt	2,527,388	2,189,827	4,129,500	4,078,888	6,656,888	6,268,715
Restricted	449,926	391,217	141,526	137,945	591,452	529,162
Unrestricted	506,084	(130,291)	346,593	302,623	852,677	172,332
Total net assets	<u>\$ 3,483,398</u>	<u>\$ 2,450,753</u>	<u>\$ 4,617,619</u>	<u>\$ 4,519,456</u>	<u>\$ 8,101,017</u>	<u>\$ 6,970,209</u>

An additional portion of the City's net assets (\$591,452) represents resources that are subject to other restrictions as to how they may be used. The remaining \$852,677 of total net assets may be used to meet the City's ongoing obligations to its citizens and creditors. It is important to note that \$346,593 of these unrestricted net assets is related to the City's business-type activities. Consequently, they generally may not be used to fund governmental activities.

The condensed statement of changes in net assets presented on the following page shows that total net assets of the City increased \$1,130,808, or approximately 16.2%. The increase consisted of an increase in net assets related to governmental activities in the amount of \$1,032,645 and an increase in net assets related to business-type activities in the amount of \$98,163.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

The following is a summary of the changes in the City's net assets for the years ended December 31, 2005 and 2004:

**Condensed Statement of Changes in Net Assets
For The Years Ended December 31, 2005 and 2004**

	Governmental Activities		Business-type Activities		Totals	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenues:						
Program revenues:						
Charges for services	\$ 385,162	\$ 417,645	\$ 969,234	\$ 922,340	\$ 1,354,396	\$ 1,339,985
Operating grants and contributions	431,206	686,577			431,206	686,577
Capital grants and contributions	860,039		71,038	527,616	931,077	527,616
General revenues:						
Property taxes	1,296,324	1,262,532			1,296,324	1,262,532
Other taxes	263,285	490,206			263,285	490,206
State and federal aids not restricted to specific programs	627,015	628,590			627,015	628,590
Other revenues	74,085	58,209	12,796	10,407	86,881	68,616
Total revenues	<u>3,937,116</u>	<u>3,543,759</u>	<u>1,053,068</u>	<u>1,460,363</u>	<u>4,990,184</u>	<u>5,004,122</u>
Expenses:						
General government	365,480	456,516			365,480	456,516
Public safety	919,553	1,043,091			919,553	1,043,091
Transportation Facilities	709,509	782,791			709,509	782,791
Sanitation	222,378	164,358			222,378	164,358
Health and human services	144	1,827			144	1,827
Culture, recreation, and education	420,915	411,748			420,915	411,748
Conservation and development	132,519	642,474			132,519	642,474
Interest and fiscal charges	133,973	137,805			133,973	137,805
Water system			340,114	332,381	340,114	332,381
Sewage treatment and collection			614,791	628,653	614,791	628,653
Total expenses	<u>2,904,471</u>	<u>3,640,610</u>	<u>954,905</u>	<u>961,034</u>	<u>3,859,376</u>	<u>4,601,644</u>
Change in net assets	<u>\$ 1,032,645</u>	<u>\$ (96,851)</u>	<u>\$ 98,163</u>	<u>\$ 499,329</u>	<u>\$ 1,130,808</u>	<u>\$ 402,478</u>

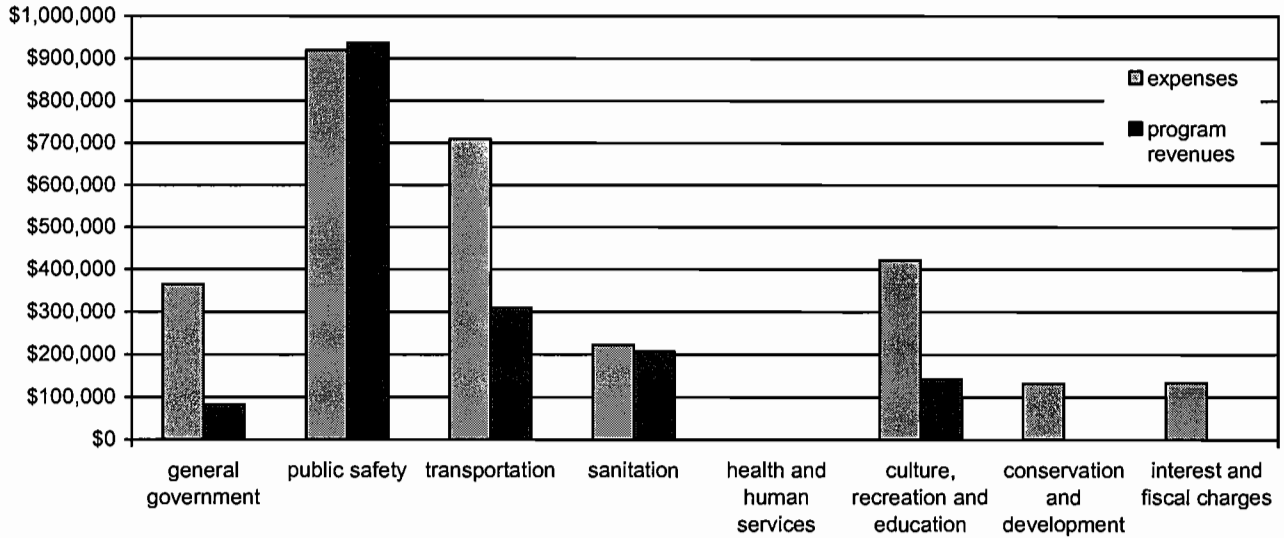
The increase in the net assets of governmental funds primarily consisted of capital grants and contributions for fire hall construction. The increase in net assets of the business-type activities primarily consisted of charges for services provided to customers during the year.

CITY OF AMERY, WISCONSIN

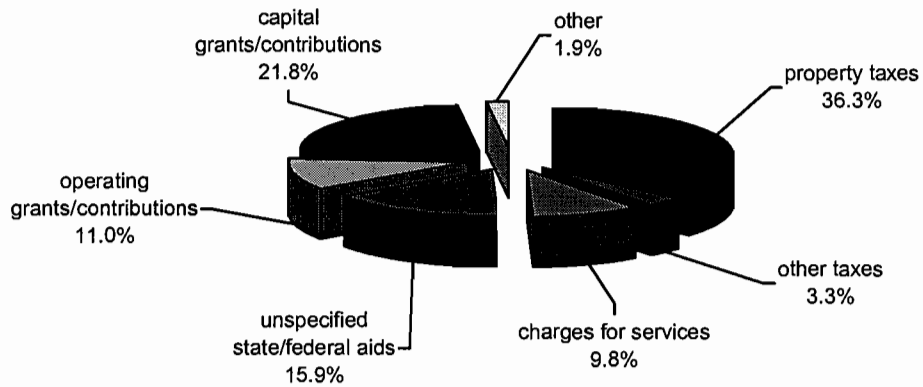
**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



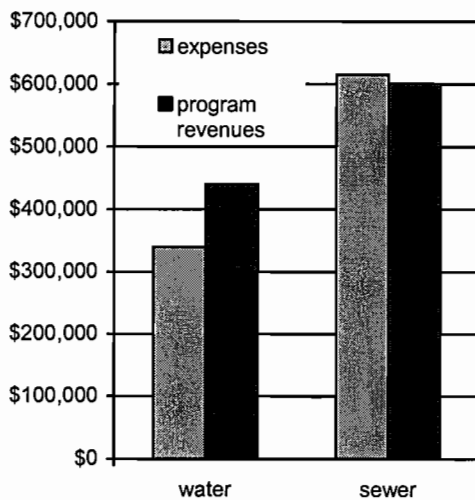
The charts draw data from the statement of activities. For governmental services the City is primarily dependent on property taxes (36.3%) and unspecified state and federal aids (15.9%).

CITY OF AMERY, WISCONSIN

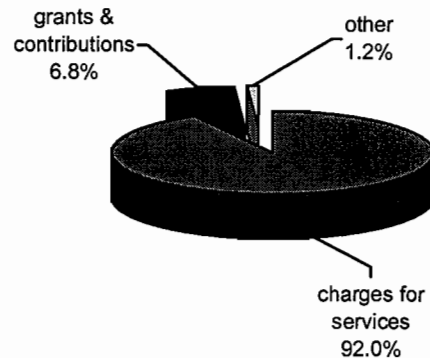
MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended December 31, 2005

In the case of business-type activities, the data shows a considerably different picture from that of governmental activities. Charges for services (92.0%) replace property taxes as the primary revenue. Grants and contributions consist primarily of water and sewer plant financed directly by developers and hook-up fees.

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



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



FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

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

Governmental Funds

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

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

As of December 31, 2005, the City's governmental funds reported a combined fund balance of \$645,455, an increase of \$341,370 over the previous year. The governmental funds comprising this balance are shown below:

	Fund Balances at 12/31/05				Current Year Change
	Reserved	Designated	Undesignated	Total	
Major Funds:					
General fund	\$ 28,612	\$ 117,917	\$ (57,570)	\$ 88,959	\$ 179,551
Debt service fund:					
Fire hall construction debt		86,446		86,446	86,446
Nonmajor Funds:					
Special revenue funds:					
Landfill contaminatin and remediation fund		301,291		301,291	(46,256)
Library fund		57,381		57,381	17,075
CDBG revolving loan fund		23,598		23,598	33,496
Capital projects funds:					
Tax incremental district #5		115,594		115,594	85,397
Tax incremental district #6			(27,814)	(27,814)	(5,975)
District fire hall construction fund					(8,364)
	<u>\$ 28,612</u>	<u>\$ 702,227</u>	<u>\$ (85,384)</u>	<u>\$ 645,455</u>	<u>\$ 341,370</u>

Reservations of fund balances represent amounts that are not subject to appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance generally represent tentative management plans that are subject to change. The balance of the unreserved fund balance not designated for specific purposes is displayed as undesignated.

The general fund is the primary operating fund used to account for the governmental operations of the City. The general fund's total fund balance increased \$179,551 during the year. The total fund balance of \$88,959 consisted of \$28,612 reserved for delinquent taxes and interfund advances, \$117,917 designated for future expenditures and the remaining negative balance of \$57,570 reflected as unreserved/undesignated. The City's 2006 budget did not include any additional funding to finance the unreserved, undesignated negative fund balance of \$57,570 at December 31, 2005.

The debt service fund had a fund balance at December 31, 2005 of \$86,446. This balance represented excess funds received from fire department participating municipalities in excess of required debt service on the new fire hall debt. Remaining 2005 long-term debt maturities were funded with transfers from the general fund, landfill remediation fund and Tax Incremental District #5 fund in the amounts of \$346,534, \$26,416 and \$47,428, respectively.

The aggregated other governmental funds column in the City's governmental funds financial statements includes the nonmajor funds as shown above. Transactions of these funds are individually detailed in the supplementary information section of this report.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

Proprietary Fund

The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in greater detail. As shown below, the net assets of the enterprise-type proprietary fund at the end of 2005 totaled \$4,617,619, up \$98,163 from the previous year.

**Condensed Statement of Changes in Net Assets for Enterprise Funds
For The Years Ended December 31, 2005 and 2004**

	Water Utility		Sewer Utility		Total	
	2005	2004	2005	2004	2005	2004
Operating revenues	\$ 369,886	\$ 347,394	\$ 599,348	\$ 574,946	\$ 969,234	\$ 922,340
Operating expenses:						
Depreciation	80,484	64,856	145,086	144,123	225,570	208,979
Other	223,480	247,499	421,379	431,549	644,859	679,048
Operating income (loss)	65,922	35,039	32,883	(726)	98,805	34,313
Income (loss) before contributions	30,592	15,429	(3,467)	(43,716)	27,125	(28,287)
Capital contributions	70,060	477,713	978	49,903	71,038	527,616
Changes in net assets	100,652	493,142	(2,489)	6,187	98,163	499,329
Net assets at year end:						
Invested in capital assets	2,215,432	2,143,258	1,914,068	1,935,630	4,129,500	4,078,888
Restricted	-	-	141,526	137,945	141,526	137,945
Unrestricted	783,253	754,775	(436,660)	(452,152)	346,593	302,623
Total	2,998,685	2,898,033	1,618,934	1,621,423	4,617,619	4,519,456

The City's joint water and sewer utility enterprise fund reflected a combined income of \$98,805 from operations. The City raised the customer user rates effective July 1, 2004 to provide an improved return on the rate base and increase its working capital position.

GENERAL FUND BUDGETARY HIGHLIGHTS

As shown in the *Budgetary Comparison Schedule* for the general fund (in required supplementary information), the final 2005 general fund budget was modified by the City Council to include funds available as of January 1, 2005 for police car purchases and machinery purchases in the amounts of \$7,226 and \$42,447, respectively. These funds available as of January 1, 2005 were applied to increase budgeted funds available for expenditure. As stated earlier, the City's general fund balance increased \$179,551 during 2005, primarily due to the excess of revenues over expenditures.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005 and 2004 was \$12,100,008 and \$11,984,924, respectively, (net of accumulated depreciation) as shown below:

**Capital Assets, Net of Accumulated Depreciation
December 31, 2005 and 2004**

	Governmental Activities		Business-type Activities		Totals	
	2005	2004	2005	2004	2005	2004
Not subject to depreciation:						
Land and land rights	\$ 691,199	\$ 746,699	\$ 51,698	\$ 44,779	\$ 742,897	\$ 791,478
Construction work in progress		29,440			-	29,440
Subject to depreciation:						
Buildings and improvements	2,563,971	2,574,004			2,563,971	2,574,004
Land improvements	1,300,107	1,285,807			1,300,107	1,285,807
Equipment and vehicles	1,587,878	1,176,888			1,587,878	1,176,888
Infrastructure	2,047,010	2,047,876			2,047,010	2,047,876
Water system plant			3,996,124	3,909,422	3,996,124	3,909,422
Sewer plant and collection system			4,687,685	4,686,487	4,687,685	4,686,487
Subtotal	8,190,165	7,860,714	8,735,507	8,640,688	16,925,672	16,501,402
Accumulated depreciation	2,371,941	2,286,075	2,453,723	2,230,403	4,825,664	4,516,478
	<u>\$ 5,818,224</u>	<u>\$ 5,574,639</u>	<u>\$ 6,281,784</u>	<u>\$ 6,410,285</u>	<u>\$ 12,100,008</u>	<u>\$ 11,984,924</u>

Some of the more significant additions to the City's capital assets during 2005 included:

- New Fire Truck \$276,238
- Land Improvements - Skate Park 63,136
- Infrastructure - Eldon Avenue 24,134

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

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

Long-term Obligations

At December 31, 2005, the City had outstanding \$6,164,161 of long-term debt and other long-term obligations. A summary detail of this amount, together with the net change from the previous year, is shown below:

**Outstanding Long-term Obligations
December 31, 2005 and 2004**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Outstanding 12/31/05</u>	<u>Outstanding 12/31/04</u>	<u>% Change</u>
Long-term debt:					
General obligation debt:					
Notes	\$ 3,290,836	\$ 910,000	\$ 4,200,836	\$ 4,339,732	-3.2%
Mortgage Revenue Bonds		1,463,699	1,463,699	1,586,277	-7.7%
Subtotal	<u>3,290,836</u>	<u>2,373,699</u>	<u>5,664,535</u>	<u>5,926,009</u>	-4.4%
Other long-term liabilities:					
Lease-purchase agreement	11,328		11,328	22,228	-49.0%
Estimated employee leave	209,641	77,043	286,684	277,696	3.2%
Unfunded Wisconsin Retirement System Liability	13,519		13,519	13,862	-2.5%
Estimated Landfill Post closure Liability	188,095		188,095	218,110	-13.8%
Total	<u>\$ 3,713,419</u>	<u>\$ 2,450,742</u>	<u>\$ 6,164,161</u>	<u>\$ 6,457,905</u>	

Under Wisconsin State Statutes, the outstanding general obligation long-term debt of a municipality may not exceed 5% of the equalized property value of all taxable property within the jurisdiction. The applicable debt of the City outstanding at December 31, 2005 totaled \$4,200,836, approximately 46% of the maximum legal limit of \$9,099,215.

During 2005 the City issued new debt as shown below:

<u>Type of Debt</u>	<u>Amount</u>	<u>Purpose</u>
Bank promissory note	\$280,000	Public safety fire truck
State trust fund loan	25,000	TID #6 developer's agreements

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

CURRENTLY KNOWN FACTS

The 2006 budget adopted by the City of Amery Common Council authorized a local levy of \$1,317,608, an increase of \$21,283 over the 2005 adopted budget.

Beginning in 2005 the joint water and sewer utility enterprise fund charge for public fire protection was removed as a general fund expenditure on the tax roll and included as part of the utility quarterly customer charge for water service by the utility.

The City is attempting to make adjustments and decisions that will improve the financial condition of the general fund and still be in compliance with the State levy limit requirements.

CITY OF AMERY, WISCONSIN

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended December 31, 2005**

REQUESTS FOR INFORMATION

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

CITY OF AMERY, WISCONSIN

STATEMENT OF NET ASSETS
December 31, 2005

	Primary Government			Component Unit Redevelopment Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments	\$ 957,720	\$ 151,256	\$ 1,108,976	\$ 154
Taxes Receivable	1,279,808	24,561	1,304,369	
Accounts Receivable	63,850	226,642	290,492	
Due from Other Governmental Units	35,388	27,292	62,680	
Deferred Charges		7,343	7,343	
Inventories		33,821	33,821	
Special Assessments Receivable	75,516		75,516	
Advance to Redevelopment Authority	28,388		28,388	
Long-term Receivables	637,014	195,547	832,561	
Restricted Assets:				
Cash and Investments		141,526	141,526	
Capital Assets:				
Capital Assets Not Being Depreciated	691,199	51,698	742,897	226,355
Capital Assets Being Depreciated	7,498,966	8,683,809	16,182,775	
Accumulated Depreciation	<u>(2,371,941)</u>	<u>(2,453,723)</u>	<u>(4,825,664)</u>	
Total Assets	<u>\$ 8,895,908</u>	<u>\$ 7,089,772</u>	<u>\$ 15,985,680</u>	<u>\$ 226,509</u>
LIABILITIES				
Accounts Payable	\$ 137,647	\$ 10,834	\$ 148,481	
Accrued Payables	58,196	10,577	68,773	3,780
Due to Other Governments	15,327		15,327	
Deferred Revenues	1,479,502		1,479,502	
Special Deposits	8,419		8,419	
Advance from City of Amery				28,388
Long-term Liabilities:				
Amounts Due Within One Year	465,762	179,971	645,733	
Amounts Due in More than One Year	<u>3,247,657</u>	<u>2,270,771</u>	<u>5,518,428</u>	<u>210,000</u>
Total Liabilities	<u>5,412,510</u>	<u>2,472,153</u>	<u>7,884,663</u>	<u>242,168</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	2,527,388	4,129,500	6,656,888	
Restricted for:				
Capital Improvements	115,594		115,594	
Business Loan Program	221,136		221,136	
Landfill Contamination	113,196		113,196	
Plant Replacement		141,526	141,526	
Unrestricted	<u>506,084</u>	<u>346,593</u>	<u>852,677</u>	<u>(15,659)</u>
Total Net Assets	<u>3,483,398</u>	<u>4,617,619</u>	<u>8,101,017</u>	<u>(15,659)</u>
Total Liabilities and Net Assets	<u>\$ 8,895,908</u>	<u>\$ 7,089,772</u>	<u>\$ 15,985,680</u>	<u>\$ 226,509</u>

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2005

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Component Unit Redevelopment Authority	
Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 81,535	\$ -	\$ -	\$ (283,945)	\$ -	\$ (283,945)
Public Safety	161,557	50,292	724,280	16,576	16,576	16,576
Transportation	709,509	194,097	103,659	(400,604)	(400,604)	(400,604)
Sanitation	222,378	77,330		(15,037)	(15,037)	(15,037)
Health and Human Services	144			(144)	(144)	(144)
Culture, Recreation and Education	420,915	109,487	32,100	(278,568)	(278,568)	(278,568)
Conservation and Development	132,519	150		(132,369)	(132,369)	(132,369)
Interest and Fiscal Charges	133,973			(133,973)	(133,973)	(133,973)
Total Governmental Activities	<u>2,904,471</u>	<u>431,206</u>	<u>860,039</u>	<u>(1,228,064)</u>	<u>-</u>	<u>(1,094,091)</u>
Business-type Activities:						
Water	340,114		70,060		99,832	99,832
Sewer	614,791		978		(14,465)	(14,465)
Total Business-type Activities	<u>954,905</u>	<u>-</u>	<u>71,038</u>	<u>-</u>	<u>85,367</u>	<u>85,367</u>
Total Primary Government	<u>\$ 3,859,376</u>	<u>\$ 431,206</u>	<u>\$ 931,077</u>	<u>(1,228,064)</u>	<u>85,367</u>	<u>(1,008,724)</u>
Component Unit:						
Redevelopment Authority	<u>\$ 6,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(9,270)</u>
General Revenues:						
Taxes:						
Property taxes, levied for general purposes				930,637	930,637	930,637
Property taxes, levied for debt purposes				365,687	365,687	365,687
Property taxes, levied for TIF districts				132,080	132,080	132,080
Other taxes				131,205	131,205	131,205
State/federal aids not restricted to specific functions				627,015	627,015	627,015
Interest and investment earnings				18,266	12,796	31,062
Rent				23,817	23,817	23,817
Sales of property				4,900	4,900	4,900
Miscellaneous				27,102	27,102	27,102
Total General Revenues				<u>2,260,709</u>	<u>12,796</u>	<u>2,273,505</u>
Change in Net Assets				1,032,645	98,163	1,130,808
Net Assets - Beginning of Year (Note III.H.)				2,450,753	4,519,456	6,970,209
Net Assets - End of Year				<u>\$ 3,483,398</u>	<u>\$ 4,617,619</u>	<u>\$ 8,101,017</u>

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

BALANCE SHEET
GOVERNMENTAL FUNDS
 December 31, 2005

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS				
Treasurer's Cash and Investments	\$ 361,460	\$ 86,446	\$ 509,814	\$ 957,720
Taxes Receivable	947,011		332,797	1,279,808
Special Assessments Receivable	75,516			75,516
Accounts Receivable	63,850			63,850
Due from Governmental Units	35,388			35,388
Advance to Redevelopment Authority	28,388			28,388
Long-term Receivables		439,476	197,538	637,014
Advances to Other Funds	27,814			27,814
	<u>27,814</u>	<u>439,476</u>	<u>197,538</u>	<u>637,014</u>
Total Assets	<u>\$1,539,427</u>	<u>\$ 525,922</u>	<u>\$1,040,149</u>	<u>\$3,105,498</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Vouchers and Accounts Payable	\$ 125,697	\$	\$ 11,950	\$ 137,647
Due Other Governmental Units	15,327			15,327
Deferred Revenues	1,301,025	439,476	530,335	2,270,836
Advances From Other Funds			27,814	27,814
Special Deposits	8,419			8,419
	<u>8,419</u>	<u>439,476</u>	<u>570,099</u>	<u>2,460,043</u>
Total Liabilities	<u>1,450,468</u>	<u>439,476</u>	<u>570,099</u>	<u>2,460,043</u>
Fund Balances:				
Reserved	28,612			28,612
Unreserved:				
Designated	117,917	86,446	497,864	702,227
Undesignated	(57,570)		(27,814)	(85,384)
	<u>88,959</u>	<u>86,446</u>	<u>470,050</u>	<u>645,455</u>
Total Fund Balances	<u>88,959</u>	<u>86,446</u>	<u>470,050</u>	<u>645,455</u>
Total Liabilities and Fund Balances	<u>\$ 1,539,427</u>	<u>\$ 525,922</u>	<u>\$ 1,040,149</u>	<u>\$3,105,498</u>

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2005**

Total fund balances - governmental funds (Exhibit 3) \$ 645,455

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

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

Land	\$ 691,199	
Buildings and improvements	2,563,971	
Land improvements	1,300,107	
Equipment and vehicles	1,587,878	
Infrastructure	2,047,010	
Accumulated depreciation	<u>(2,371,941)</u>	5,818,224

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

791,334

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

Notes payable	3,290,836	
Lease-purchase agreements	11,328	
Accrued interest on notes payable	58,196	
Vacation and sick leave liability	209,641	
Unfunded WRS liability	13,519	
Estimated landfill postclosure liability	<u>188,095</u>	<u>(3,771,615)</u>

Net assets of governmental activities (Exhibit 1) \$ 3,483,398

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

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

For The Year Ended December 31, 2005

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
REVENUES:				
Taxes	\$1,211,215	\$	\$326,580	\$1,537,795
Special Assessments	5,202			5,202
Intergovernmental	1,115,248		186,817	1,302,065
Licenses and Permits	50,196			50,196
Fines and Forfeits	42,446			42,446
Public Charges for Services	145,928			145,928
Intergovernmental Charges for Services	142,673	144,619		287,292
Miscellaneous:				
Interest	16,743		2,034	18,777
Rent	23,817			23,817
Sale of Property	4,900		55,500	60,400
Donations	32,100			32,100
Loan Repayments			89,534	89,534
Other	11,708			11,708
Total Revenues	<u>2,802,176</u>	<u>144,619</u>	<u>660,465</u>	<u>3,607,260</u>
EXPENDITURES:				
General Government	366,714			366,714
Public Safety	1,218,602		2,767	1,221,369
Transportation	643,684			643,684
Sanitation	145,352		107,041	252,393
Health and Human Services	144			144
Culture, Recreation and Education	183,379		287,137	470,516
Conservation and Development	44,706		87,813	132,519
Debt Service:				
Principal Retirement		376,748		376,748
Interest and Fiscal Charges		101,803		101,803
Total Expenditures	<u>2,602,581</u>	<u>478,551</u>	<u>484,758</u>	<u>3,565,890</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>199,595</u>	<u>(333,932)</u>	<u>175,707</u>	<u>41,370</u>
OTHER FINANCING SOURCES (USES):				
Long-term Debt Issued	280,000		25,000	305,000
Transfers In	51,490	420,378		471,868
Transfers Out	(351,534)		(125,334)	(476,868)
Total Other Financing Sources (Uses)	<u>(20,044)</u>	<u>420,378</u>	<u>(100,334)</u>	<u>300,000</u>
NET CHANGE IN FUND BALANCES	179,551	86,446	75,373	341,370
FUND BALANCES, JANUARY 1	<u>(90,592)</u>	<u>-</u>	<u>394,677</u>	<u>304,085</u>
FUND BALANCES, DECEMBER 31	<u>\$ 88,959</u>	<u>\$ 86,446</u>	<u>\$470,050</u>	<u>\$ 645,455</u>

See accompanying notes to basic financial statements

CITY OF AMERY, WISCONSIN

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2005**

Net change in fund balances - total governmental funds (Exhibit 4) \$ 341,370

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

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

Capital outlays reported in governmental fund statements	\$ 519,587	
Depreciation expense reported in the statement of activities	<u>(240,969)</u>	278,618

In the statement of activities, only the gain or loss on the disposal of capital assets is reported whereas in the governmental funds, the proceeds from sales increase financial resources and trade-ins are not reflected in capital outlays. (35,033)

Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 375,370

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net assets and does not affect the statement of activities. Long-term debt incurred in the current year is:

General obligation notes		(305,000)
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Repayment of long-term debt and similar obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Note principal retirement	376,748	
Lease-purchase agreement	<u>10,900</u>	387,648

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

Net increase in accrued interest at year end	(32,170)	
Net increase in compensated absences at year end	(8,516)	
Net decrease in pension related debt	343	
Net decrease in estimated landfill postclosure liability	<u>30,015</u>	<u>(10,328)</u>

Change in net assets of governmental activities (Exhibit 2) \$ 1,032,645

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2005

	Business-type Activities - Enterprise Fund		
	Joint Water and Sewer Utility		
	Water Department	Sewer Department	Totals
ASSETS			
Current Assets:			
Cash and Investments	\$ 691,474	\$ (540,218)	\$ 151,256
Customer Accounts Receivable	87,267	139,375	226,642
Due from Governmental Units		7,635	7,635
Current Portion of Advance to Biosolids Facility		19,657	19,657
Accounts Receivable on Tax Roll	9,022	15,539	24,561
Inventories	29,732	4,089	33,821
Total Current Assets	<u>817,495</u>	<u>(353,923)</u>	<u>463,572</u>
Restricted Assets:			
Cash and Investments:			
Replacement Fund Cash and Investments	-	141,526	141,526
Capital Assets:			
Utility Plant in Service	4,011,482	4,724,025	8,735,507
Less Accumulated Depreciation	893,393	1,560,330	2,453,723
Net Utility Plant in Service	<u>3,118,089</u>	<u>3,163,695</u>	<u>6,281,784</u>
Other Assets and Deferred Charges:			
Advance to Biosolids Facility		195,547	195,547
Unamortized Debt Issuance Costs	7,343		7,343
Total Other Assets	<u>7,343</u>	<u>195,547</u>	<u>202,890</u>
Total Assets	<u>\$ 3,942,927</u>	<u>\$ 3,146,845</u>	<u>\$ 7,089,772</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 2,062	\$ 8,772	\$ 10,834
Accrued Interest	2,768	7,809	10,577
Accrued Employee Benefits	6,288	10,182	16,470
Current Portion of Long-term Debt	37,000	126,501	163,501
Total Current Liabilities	<u>48,118</u>	<u>153,264</u>	<u>201,382</u>
Long-term Liabilities (Net of Current Portion):			
General Obligation Debt	873,000		873,000
Mortgage Revenue Note		1,337,198	1,337,198
Accrued Employee Benefits	23,124	37,449	60,573
Total Long-term Liabilities	<u>896,124</u>	<u>1,374,647</u>	<u>2,270,771</u>
Total Liabilities	<u>944,242</u>	<u>1,527,911</u>	<u>2,472,153</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,215,432	1,914,068	4,129,500
Restricted for Asset Replacement		141,526	141,526
Unrestricted	<u>783,253</u>	<u>(436,660)</u>	<u>346,593</u>
Total Net Assets	<u>2,998,685</u>	<u>1,618,934</u>	<u>4,617,619</u>
Total Liabilities and Net Assets	<u>\$ 3,942,927</u>	<u>\$ 3,146,845</u>	<u>\$ 7,089,772</u>

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

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

For The Year Ended December 31, 2005

	Business-type Activities - Enterprise Fund		
	Joint Water and Sewer Utility		
	Water Department	Sewer Department	Totals
OPERATING REVENUES:			
Charges for Services	\$ 366,221	\$ 597,879	\$ 964,100
Other Operating Revenues	3,665	1,469	5,134
Total Operating Revenues	<u>369,886</u>	<u>599,348</u>	<u>969,234</u>
OPERATING EXPENSES:			
Operation and Maintenance	153,986	410,771	564,757
Depreciation	80,484	145,086	225,570
Taxes	69,494	10,608	80,102
Total Operating Expenses	<u>303,964</u>	<u>566,465</u>	<u>870,429</u>
OPERATING INCOME	<u>65,922</u>	<u>32,883</u>	<u>98,805</u>
NONOPERATING REVENUES (EXPENSES):			
Interest Income	820	11,976	12,796
Amortization of Debt Discount	(1,089)		(1,089)
Interest Expense	(35,061)	(48,326)	(83,387)
Total Nonoperating Revenues (Expenses)	<u>(35,330)</u>	<u>(36,350)</u>	<u>(71,680)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>30,592</u>	<u>(3,467)</u>	<u>27,125</u>
CAPITAL CONTRIBUTIONS	<u>70,060</u>	<u>978</u>	<u>71,038</u>
CHANGE IN NET ASSETS	<u>100,652</u>	<u>(2,489)</u>	<u>98,163</u>
NET ASSETS, JANUARY 1	<u>2,898,033</u>	<u>1,621,423</u>	<u>4,519,456</u>
NET ASSETS, DECEMBER 31	<u>\$2,998,685</u>	<u>\$1,618,934</u>	<u>\$4,617,619</u>

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For The Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Fund</u>		
	<u>Joint Water and Sewer Utility</u>		
	<u>Water</u>	<u>Sewer</u>	
	<u>Department</u>	<u>Department</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 196,539	\$ 590,392	\$ 786,931
Cash Received from Public Fire Protection	131,806		131,806
Cash Received (Paid) for Meter Related Charges	23,026	(23,026)	-
Cash Paid to Suppliers for Goods and Services	(112,179)	(242,381)	(354,560)
Cash Paid for Employee Services	(67,889)	(158,414)	(226,303)
Cash Paid for Tax Equivalents	<u>(65,080)</u>	<u>(65,080)</u>	<u>(65,080)</u>
Net Cash Provided by Operating Activities	<u>106,223</u>	<u>166,571</u>	<u>272,794</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Cash Paid for Acquisition of Plant Assets	(227,062)	(1,198)	(228,260)
Cash Received from Governmental Grants as Contributed Capital	106,938		106,938
Cash Received from Utility Customers as Contributed Capital	4,335		4,335
Principal Paid on Long-term Debt	(51,574)	(120,196)	(171,770)
Interest Paid on Long-term Debt	<u>(35,787)</u>	<u>(42,520)</u>	<u>(78,307)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(203,150)</u>	<u>(163,914)</u>	<u>(367,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Investments		3,581	3,581
Interest Received on Tax Roll Items	415	971	1,386
Net Cash Received from Investing Activities	<u>415</u>	<u>4,552</u>	<u>4,967</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,512)	7,209	(89,303)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>787,986</u>	<u>(405,901)</u>	<u>382,085</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 691,474</u>	<u>\$(398,692)</u>	<u>\$ 292,782</u>

See accompanying notes to the basic financial statements

	<u>Business-type Activities - Enterprise Fund</u>		
	<u>Joint Water and Sewer Utility</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
	<u>Department</u>	<u>Department</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income	\$ 65,922	\$ 32,883	\$ 98,805
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Accruals	82,614	142,956	225,570
Amortization Expense			
Changes in Asset and Liability Accounts:			
Increase in Customer Accounts Receivable	(34,194)	(4,600)	(38,794)
Increase in Other Accounts Receivable		(466)	(466)
Increase in Due from Other Funds	(4,842)	(4,415)	(9,257)
Decrease (Increase) in Inventory	(2,933)	26	(2,907)
Increase (Decrease) in Accounts Payable	(1,006)	377	(629)
Increase (Decrease) in Accrued Benefits Payable	662	(190)	472
Net Cash Provided by Operating Activities	<u>\$ 106,223</u>	<u>\$ 166,571</u>	<u>\$ 272,794</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:			
Cash and Investments per Exhibit 5:			
Cash and Investments - Unrestricted	\$ 691,474	\$(540,218)	\$ 151,256
Cash and Investments - Restricted		141,526	141,526
Cash and Cash Equivalents	<u>\$ 691,474</u>	<u>\$(398,692)</u>	<u>\$ 292,782</u>

CITY OF AMERY, WISCONSIN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2005

	Private Purpose <u>Trust Fund</u>	Agency <u>Fund</u>
	Fire Department Retirement <u>Fund</u>	Tax <u>Agency</u>
ASSETS		
Cash and Investments	\$ 56,308	\$ 414,167
Taxes Receivable		<u>2,007,476</u>
Total Assets	<u>56,308</u>	<u>\$ 2,421,643</u>
LIABILITIES		
Due Other Governments	<u>-</u>	<u>\$ 2,421,643</u>
Total Liabilities	<u>-</u>	<u>\$ 2,421,643</u>
NET ASSETS		
Held for Retirement Benefits	<u>\$ 56,308</u>	

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	<u>Private Purpose Trust Fund</u> <u>Fire Department</u> <u>Retirement Fund</u>
ADDITIONS	
Interest	\$ 774
Transfer from General Fund	<u>5,000</u>
Total Additions	5,774
DEDUCTIONS	
Retirement Benefits	<u>1,731</u>
CHANGE IN NET ASSETS	4,043
NET ASSETS, Beginning of Year	<u>52,265</u>
NET ASSETS, End of Year	<u><u>\$ 56,308</u></u>

See accompanying notes to the basic financial statements

CITY OF AMERY, WISCONSIN

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For The Year Ended December 31, 2005

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CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS For The Year Ended December 31, 2005

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Amery (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

A. Reporting Entity

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

The financial reporting of the City is defined by the GASB to consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that the exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Redevelopment Authority for the City of Amery. The Redevelopment Authority for the City of Amery (Authority) was organized in 2002 by the City for the purpose of carrying out all blight elimination, slum clearance and urban renewal programs and projects with the City of Amery. The Authority is governed by a seven member board appointed by a 4/5 vote of the City Council. Funding for the Authority through December 31, 2005 consisted of a \$28,388 advance from the City of Amery's general fund and long-term debt proceeds in the amount of \$210,000, both of which were used for the purpose of obtaining property within the City and funding interest on long-term debt. Financial statements of the Authority for the year ended December 31, 2005 are presented in this report as a governmental fund type discretely presented component unit.

B. Government-wide and Fund Financial Statements

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

Government-wide Statements

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

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

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise fund:

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

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

Additionally, the City reports the following fund types:

- An agency fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. The agency fund is primarily used to account for the collection of property taxes for the governmental units.
- A private purpose trust fund is used to account for a retirement plan established for members of the fire department (see also Note IV.B).

C. Measurement Focus and Basis of Accounting

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

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005

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

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

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

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

The City reports deferred revenues on its fund balance sheets. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the joint water and sewer utility are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

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

Investments of the City are stated at fair value.

2. Receivables and Payables

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

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS For The Year Ended December 31, 2005

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

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

2. Receivables and Payables (cont'd.)

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

Special Assessments. Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. (Installments placed on the 2005 tax roll are recognized as revenue in 2006.) Special assessments recorded in proprietary funds and in the government-wide financial statement are recorded as revenue at the time the assessments are subject to collection procedures.

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

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

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

3. Inventories and Prepaid Items

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

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

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005

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

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

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.

5. Capital Assets

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

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

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

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

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

6. Other Assets

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

7. Compensated Absences

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

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS For The Year Ended December 31, 2005

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

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

8. Long-term Obligations

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

9. Claims and Judgments

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

10. Equity Classifications

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

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

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

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund financial statements and the government-wide financial statements, certain financial transactions are treated differently. Reconciliations of governmental fund balances and changes thereto to the net assets and revenues/expenses shown in the government-wide financial statements are presented in Exhibit 3A and Exhibit 4A, respectively.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

NOTE III - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash and investments balances at December 31, 2005 totaled \$1,720,977 as shown in the financial statements as follows:

Governmental Funds (Exhibit 3)	\$ 957,720	
Proprietary Funds (Exhibit 5)	292,782	
Fiduciary Funds (Exhibit 8)	470,475	
	<u>\$ 1,720,977</u>	

The above cash and investments balances totaling \$1,720,977 consisted of the following:

Deposits in Financial Institutions:		
Treasurer's Cash and Investments	\$ 1,570,832	
Departmental Cash	8,419	
Restricted Cash and Investments	<u>141,526</u>	\$ 1,720,777
Petty Cash		<u>200</u>
Total Cash and Investments at December 31, 2005		<u>\$ 1,720,977</u>

Deposits at Financial Institutions

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

The City's coverage on its deposits at financial institutions at December 31, 2005 is summarized below:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 199,667	\$ 199,667
Uninsured:		
Covered under Provisions of State Statutes	400,000	400,000
Collateralized	1,121,110	972,752
	<u>\$ 1,720,777</u>	<u>\$ 1,572,419</u>

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City's deposits may not be returned. At December 31, 2005, the City's deposits were not exposed to custodial credit risk.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

B. Receivables/Deferred Revenues

1. Taxes Receivable

Taxes receivable at December 31, 2005 totaled \$3,311,845 as detailed below:

Current Taxes Receivable:

2005 Tax Roll:

General Property Taxes:

City:

General City Taxes	\$ 1,317,608	
Tax Incremental Districts	142,892	
	1,460,500	

Other Taxing Districts	2,421,643	
Total General Property Taxes	3,882,143	

Special Assessments and Special Charges:

Special Assessments and Interest	8,674	
Enterprise Fund Charges	24,561	
Governmental Funds Charges	5,051	

Total 2005 Tax Roll	\$ 3,920,429
---------------------	--------------

Less Collections Prior to January 2006	609,382
--	---------

Net Current Taxes Receivable	3,311,047
------------------------------	-----------

Delinquent Taxes Receivable:

Delinquent Personal Property Taxes Held
by City for Collection

	798
	\$ 3,311,845

Recorded in Governmental Funds	\$ 1,279,808
--------------------------------	--------------

Recorded in Proprietary Funds	24,561
-------------------------------	--------

Recorded in Fiduciary Funds	2,007,476
-----------------------------	-----------

	\$ 3,311,845
--	--------------

The 2005 tax roll receivable and collections thereon are accounted for in the fund for which the taxes were levied, except for taxes levied for other governmental units which were recorded in the City's tax agency fund. A portion of the general fund's equity is reserved for the City's investment in delinquent taxes.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

2. Other Receivables

Other accounts receivable at December 31, 2005 are further detailed as follows:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Totals</u>
Special Assessments	\$ 75,516	\$ -	\$ -	\$ 75,516
Accounts Receivable:				
General	28,943			28,943
Customers:				
Refuse	34,907			34,907
Water			87,267	87,267
Sewer			139,375	139,375
	<u>63,850</u>	<u>-</u>	<u>226,642</u>	<u>290,492</u>
Due from Other Governmental Units:				
Current Portion of Advance to Biosolids Facility			19,657	19,657
Biosolids Billing Settlement			7,635	7,635
Other	35,388			35,388
	<u>35,388</u>	<u>-</u>	<u>27,292</u>	<u>62,680</u>
Advance to Redevelopment Authority	<u>28,388</u>	<u>-</u>	<u>-</u>	<u>28,388</u>
Long-term Receivables:				
New Fire Hall Debt Service	439,476			439,476
Business Development Loans		197,538		197,538
Advance to Biosolids Facility			195,547	195,547
	<u>439,476</u>	<u>197,538</u>	<u>195,547</u>	<u>832,561</u>
Totals	<u>\$ 642,618</u>	<u>\$ 197,538</u>	<u>\$ 449,481</u>	<u>\$ 1,289,637</u>

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

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

2. Other Receivables (cont'd.)

Community Development Block Grant Loans Receivable. (cont'd.) At December 31, 2005 the City had outstanding twelve installment loans under the CDBG program totaling \$197,538. Repayments received on these loans are recognized as revenue by the City when received and are recorded in the revolving loan special revenue fund. The City may retain funds on the 1990 WDF grant, subject to certain limitations and restrictions, for financing future economic development loans. All repayments on the 1995 loan are to be returned to the State of Wisconsin as received by the City. The fund balance of the revolving loan fund at December 31, 2005 was \$23,598. Amounts refunded to the State during 2005 totaled \$56,238.

New Fire Hall. During 2004 the City completed construction of a new fire hall building. A portion of the debt service used to finance construction is expected to be funded with revenues from the fire districts' participating municipalities and the City recorded receivables for such amounts in 2004. The City had outstanding long-term receivables from the Alden and Blackbrook Townships in the amounts of \$65,497 and \$373,979, respectively, for their share of the debt outstanding at December 31, 2005. The amortization schedules of the Townships debt can be seen on Schedule G-1 of this report.

3. Deferred Revenues

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
2005 Tax Roll Items:			
Property Taxes	\$	\$ 1,317,608	\$ 1,317,608
Tax Increments		142,892	142,892
Special Assessments:			
Principal	5,482		5,482
Interest	3,192		3,192
Other	5,050		5,050
Utility Tax Equivalents	65,080		65,080
Long-term Receivables:			
Debt Service Fund	439,476		439,476
Revolving Loan Fund	197,538		197,538
Deferred Special Assessments	75,516		75,516
Public Safety Grant		19,002	19,002
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 791,334</u>	<u>\$ 1,479,502</u>	<u>\$ 2,270,836</u>

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

C. Capital Assets

Capital assets activity for the year ended December 31, 2005 is as follows:

Primary Government:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 746,699	\$ -	\$ 55,500	\$ 691,199
Construction Work in Progress	29,440	246,798	276,238	-
Total Capital Assets Not Being Depreciated	776,139	246,798	331,738	691,199
Capital Assets Being Depreciated:				
Buildings and Improvements	2,574,004	2,767	12,800	2,563,971
Land Improvements	1,285,807	63,136	48,836	1,300,107
Equipment and Vehicles	1,176,888	492,990	82,000	1,587,878
Infrastructure	2,047,876	24,134	25,000	2,047,010
Total Capital Assets Being Depreciated	7,084,575	583,027	168,636	7,498,966
Total Capital Assets	7,860,714	829,825	500,374	8,190,165
Accumulated Depreciation:				
Buildings and Improvements	389,526	50,846	12,800	427,572
Land Improvements	712,785	38,210	48,836	702,159
Equipment and Vehicles	718,684	91,065	68,467	741,282
Infrastructure	465,080	60,848	25,000	500,928
Total Accumulated Depreciation	2,286,075	240,969	155,103	2,371,941
Net Capital Assets - Governmental Activities	\$ 5,574,639	\$ 588,856	\$ 345,271	\$ 5,818,224

Depreciation was charged to governmental functions as follows:

Public Safety	\$ 88,168
Public Works	139,265
Culture, Recreation and Education	13,536
	\$ 240,969

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

C. Capital Assets (cont'd.)

Primary Government: (cont'd.)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Joint Water and Sewer Utility:				
Water Department:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 8,439	\$ 6,919	\$ -	\$ 15,358
Capital Assets Being Depreciated:				
Source of Supply	198,218			198,218
Pumping Plant	270,702	13,471		284,173
Treatment Plant	7,552	5,903		13,455
Transmission and Distribution	3,351,781	69,578	2,250	3,419,109
Administration and General Assets	81,169			81,169
Total Capital Assets Being Depreciated	3,909,422	88,952	2,250	3,996,124
Total Capital Assets	3,917,861	95,871	2,250	4,011,482
Accumulated Depreciation	813,029	82,614	2,250	893,393
Net Capital Assets - Water Department	\$ 3,104,832	\$ 13,257	\$ -	\$ 3,118,089
Sewer Department:				
Capital Assets Not Being Depreciated:				
Land and Land Rights	\$ 36,340	\$ -	\$ -	\$ 36,340
Capital Assets Being Depreciated:				
Collection System	1,487,136	1,198		1,488,334
Treatment and Disposal Plant	3,085,069			3,085,069
Administration and General Assets	114,282			114,282
Total Capital Assets Being Depreciated	4,686,487	1,198	-	4,687,685
Total Capital Assets	4,722,827	1,198	-	4,724,025
Accumulated Depreciation	1,417,374	142,956	-	1,560,330
Net Capital Assets - Sewer Department	\$ 3,305,453	\$ (141,758)	\$ -	\$ 3,163,695
Net Capital Assets - Business-type Activities	\$ 6,410,285	\$ (128,501)	\$ -	\$ 6,281,784

Depreciation was charged to business-type activities as follows:

Water	\$ 82,614
Sewer	<u>142,956</u>
	<u>\$225,570</u>

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

C. Capital Assets (cont'd.)

Component Unit:

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

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2005 was as follows:

Advances from/to Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Tax Incremental District #6 Fund	\$27,814

A long-term interfund advance was recorded from the City's general fund to its TID #6 fund at December 31, 2005 in the amount of \$27,814 to finance the fund deficit in the fund at that date. It is anticipated this advance will be reduced as tax incremental revenues become available in the TID #6 fund.

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

Interfund Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 346,534
Debt Service Fund	Landfill Contamination and Remediation Fund	26,416
Debt Service Fund	Tax Incremental District #5 Fund	47,428
General Fund	Brownsfield Fund	45,893
General Fund	District Fire Hall Construction Fund	5,597
Fire Department Retirement Fund	General Fund	5,000
		<u>\$ 476,868</u>

Amounts transferred to the debt service fund from the funds shown above represent current maturities expected to be financed from revenues of these funds. The general fund annually transfers a budget appropriation to the fire department retirement fund for the associated employee benefit. The City closed out the Brownsfield fund to the general fund in 2005.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

E. Long-term Obligations

Changes in Long-term Obligations

Changes in long-term obligations of the City for the year ended December 31, 2005 were as follows:

	<u>Balance</u> <u>1/1/05</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>12/31/05</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Primary Government:					
Long-term Debt:					
Governmental Activities:					
General Obligation Notes	\$ 3,362,584	\$ 305,000	\$ 376,748	\$ 3,290,836	\$ 409,616
Business-type Activities:					
General Obligation Notes	977,148		67,148	910,000	37,000
Mortgage Revenue Bonds	1,586,277		122,578	1,463,699	126,501
Total Long-term Debt	<u>\$ 5,926,009</u>	<u>\$ 305,000</u>	<u>\$ 566,474</u>	<u>\$ 5,664,535</u>	<u>\$ 573,117</u>
Other Long-term Obligations:					
Governmental Funds:					
Lease-Purchase Agreements	\$ 22,228	\$ -	\$ 10,900	\$ 11,328	\$ 11,328
Employee Vacation and Sick Leave Liability	201,125	8,516		209,641	44,818
Unfunded WRS Liability	13,862	978	1,321	13,519	
Estimated Landfill Postclosure Liability	218,110		30,015	188,095	-
Total Other Long-term Obligations	455,325	9,494	42,236	422,583	56,146
Business-type Activities:					
Employee Vacation and Sick Leave Liability	76,571	472	-	77,043	16,470
Total Other Long-term Obligations	<u>\$ 531,896</u>	<u>\$ 9,966</u>	<u>\$ 42,236</u>	<u>\$ 499,626</u>	<u>\$ 72,616</u>
Component Unit:					
Bank Mortgage Note	<u>\$ 210,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,000</u>	<u>\$ -</u>

The City's estimated liabilities for the City's unfunded WRS liability and employee leave are discussed in Note IV.A and Note IV.C, respectively. The City's estimated liability for landfill postclosure costs is discussed in Note IV.F.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

General Obligation Long-term Debt

Annual Requirements for Retirement. Individual general obligation long-term debt issues outstanding at December 31, 2005 and annual requirements for their retirement are shown below:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Refunding bonds, \$1,195,000, issued 6/1/95, final installment 12/1/07, interest at 4.20%-5.40% (general fund)	2006	\$ 40,000	\$ 4,101	\$ 44,101
	2007	35,000	1,890	36,890
		<u>75,000</u>	<u>5,991</u>	<u>80,991</u>
Promissory notes, \$1,610,000, issued 8/16/97, final installment 6/1/07, interest at 4.15%-4.80% (79.90% TID #5, 20.1% general fund - see Schedule F-1)	2006	90,000	16,035	106,035
	2007	245,000	5,880	250,880
		<u>335,000</u>	<u>21,915</u>	<u>356,915</u>
Landfill remediation promissory notes, Series 2000, \$628,758.12 authorized, \$481,686.54 borrowed, final installment 5/1/20, 0.0% interest (Landfill Contamination Project)	2006	24,459		24,459
	2007	24,459		24,459
	2008	24,459		24,459
	2009	24,459		24,459
	2010	24,459		24,459
	2011-2015	122,293		122,293
2016-2020	122,293		122,293	
		<u>366,881</u>	<u>-</u>	<u>366,881</u>
State trust fund loan, \$318,000, issued 7/30/02, final installment due 3/15/09, interest at 4.75% (2001 general fund projects)	2006	44,526	8,574	53,100
	2007	46,530	6,570	53,100
	2008	48,612	4,488	53,100
	2009	50,866	2,289	53,155
		<u>190,534</u>	<u>21,921</u>	<u>212,455</u>
State trust fund loan, \$158,571, issued 3/27/02 and 1/15/03, final installment due 3/15/09, interest at 4.75% (Senior Center repairs)	2006	23,633	4,820	28,453
	2007	24,755	3,698	28,453
	2008	25,923	2,530	28,453
	2009	27,182	1,291	28,473
		<u>101,493</u>	<u>12,339</u>	<u>113,832</u>
State trust fund loan, \$24,421, issued 6/16/02, final installment due 3/15/07, interest at 4.00% (fire equipment)	2006	5,021	411	5,432
	2007	5,224	208	5,432
		<u>10,245</u>	<u>619</u>	<u>10,864</u>

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

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

Annual Requirements for Retirement (cont'd.)

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
State trust fund loan, \$429,000, issued 10/13/04, final installment due 3/15/19, interest at 5.00% (TID #6 developers agreement)	2006	\$ 13,772	\$ 30,441	\$ 44,213
	2007	23,452	20,761	44,213
	2008	24,571	19,642	44,213
	2009	25,853	18,360	44,213
	2010	27,145	17,068	44,213
	2011-2015	157,450	63,616	221,066
	2016-2019	156,757	20,096	176,853
		<u>429,000</u>	<u>189,984</u>	<u>618,984</u>
Promissory notes, \$1,399,000, issued 8/10/03 thru 3/24/04, final installment due 6/1/13, interest at 3.65% (fire hall \$880,000, city shop \$519,000)	2006	80,000	46,830	126,830
	2007	82,000	43,910	125,910
	2008	84,000	40,916	124,916
	2009	89,000	37,850	126,850
	2010	91,000	34,602	125,602
	2011-2013	857,000	71,266	928,266
			<u>1,283,000</u>	<u>275,374</u>
Promissory notes, \$969,000, issued 8/20/03 thru 10/14/04, final installment due 6/1/13, interest at 3.65% (water utility improvements)	2006	37,000	33,215	70,215
	2007	38,000	31,864	69,864
	2008	39,000	30,477	69,477
	2009	41,000	29,054	70,054
	2010	42,000	27,558	69,558
	2011-2013	713,000	61,830	774,830
			<u>910,000</u>	<u>213,998</u>
Promissory notes, \$228,000, issued 12/30/04, final installment due 6/1/11, interest at 4.00% (public works building, equipment and Bridge Street)	2006	29,353	7,787	37,140
	2007	30,527	6,613	37,140
	2008	31,734	5,406	37,140
	2009	33,018	4,122	37,140
	2010	34,338	2,802	37,140
	2011	35,713	1,427	37,140
			<u>194,683</u>	<u>28,157</u>
Promissory notes, \$280,000, issued 2/1/05, final installment due 3/15/12, interest at 4.45% (fire truck)	2006	21,852	13,269	35,121
	2007	24,150	10,971	35,121
	2008	25,149	9,972	35,121
	2009	26,245	8,876	35,121
	2010	27,360	7,761	35,121
	2011-2012	155,244	11,999	167,243
			<u>280,000</u>	<u>62,848</u>

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

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

Annual Requirements for Retirement (cont'd.)

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
State trust fund loan, \$25,000, issued	2006			
10/25/05, final installment due 3/15/20,	2007	\$ 840	\$ 1,733	\$ 2,573
interest at 5.00%	2008	1,361	1,212	2,573
(TID #6 developers agreement)	2009	1,433	1,140	2,573
	2010	1,504	1,069	2,573
	2011-2015	8,725	4,138	12,863
	2016-2020	11,137	1,726	12,863
		<u>25,000</u>	<u>11,018</u>	<u>36,018</u>
 Total General Obligation Debt		<u>\$ 4,200,836</u>	<u>\$ 844,164</u>	<u>\$ 5,045,000</u>

The foregoing annual requirements for retirement of general obligation debt issues are summarized by expected funding sources as follows:

<u>Year</u>	<u>General Fund</u>	<u>TID #5</u>	<u>TID #6</u>	<u>Water and Sewer Utility</u>	<u>Total</u>
2006	\$ 414,889	\$ 45,782	\$ 44,213	\$ 70,215	\$ 575,099
2007	402,825	194,560	46,786	69,864	714,035
2008	303,189		46,786	69,477	419,452
2009	305,198		46,786	70,054	422,038
2010	222,322		46,786	69,558	338,666
2011-2015	1,254,942		410,782	774,830	2,440,554
2016-2020	122,293		12,863		135,156
	<u>\$ 3,025,658</u>	<u>\$ 240,342</u>	<u>\$ 655,002</u>	<u>\$ 1,123,998</u>	<u>\$ 5,045,000</u>

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

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

The City issued long-term debt to provide financing for the new fire hall completed in 2004. The debt was to the participating districts as follows:

City of Amery	\$ 313,430.25
Town of Blackbrook	86,446.11
Town of Lincoln	408,569.74
Town of Alden	71,553.90
	<u>\$ 880,000.00</u>

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

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

Funding for Debt Retirement (cont'd.). Repayment schedules were established to allow the Towns to repay their allocated share of the debt, including interest at 3.65% on the unpaid amount, to the City over a ten-year period. The Town of Blackbrook paid its share in full to the City in 2005, which was recorded in a debt service fund by the City.

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

General Obligation Debt Limit. Section 67.03 of the Wisconsin Statutes restricts general obligation debt to 5% of the equalized value of all property in the City. At December 31, 2005, the City's debt limit amounted to \$9,099,215 and indebtedness subject to the limitation totaled \$4,200,836.

Lease Purchase Agreement

The City entered into a lease purchase agreement during 2004 to obtain street cleaning equipment. At December 31, 2005 the City had an outstanding obligation totaling \$11,328 on the agreement. Future requirements for retirement of the agreement were as follows at December 31, 2005:

	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Lease purchase agreement for Street Sweeper, \$34,000, dated 4/3/04, due 4/3/06, interest at 3.92%	2006	\$ 11,328	\$ 444	\$ 11,772

Mortgage Revenue Bonds

Outstanding mortgage revenue bonds of the City totaled \$1,463,699 at December 31, 2005. The City's full faith and credit do not back the mortgage revenue bonds which are instead backed only by the assets and revenues of the enterprise fund. Outstanding revenue bond issues at December 31, 2005 consisted of two sewerage system mortgage revenue bond issues issued to the State of Wisconsin under the Clean Water Fund Financial Assistance program as described below:

Sewerage System Revenue Bonds Series 1995. The City authorized the issuance of \$2,076,057 of revenue bonds on October 2, 1995 to the State of Wisconsin through its Clean Water Fund program to fund renovation of its wastewater treatment plant. The City has borrowed \$2,072,891 from the State under this loan authorization. Principal is payable annually on May 1, through the year 2015 and interest is payable semiannually on May and November 1 at an annual rate of 3.206%. The outstanding balance on the bond issue at December 31, 2005 was \$1,249,627.

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

Mortgage Revenue Bonds (cont'd.)

Sewerage System Revenue Bonds Series 1995 (cont'd.). Annual requirements for its retirement are shown below:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	107,976	38,333	146,309
2007	111,437	34,815	146,252
2008	115,010	31,185	146,195
2009	118,697	27,439	146,136
2010	122,503	23,572	146,075
2011-2015	674,004	55,385	729,389
	<u>\$ 1,249,627</u>	<u>\$ 210,729</u>	<u>\$ 1,460,356</u>

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

Revenue Fund, to initially hold revenues received which are then to be allocated to funds described below.

Operation and Maintenance Fund, to be used to pay current expenses.

Debt Service Fund, to be used for the payment of the principal and interest on bonds.

Surplus Fund, to be used to remedy any deficiency in the above funds or for any other lawful purpose.

The above accounts had not been established in the utility as of December 31, 2005. Principal and interest on the debt is paid directly from utility operating accounts when due.

Sewerage System Revenue Bonds Series 1995A. In 1995 the City also authorized the issuance of \$354,703 of revenue bonds to the State to fund its share of costs associated with the construction of the West Central Wisconsin Biosolids Facility (hereafter Facility - also, see Note IV.E). These funds were paid directly to the Facility to fund construction costs. Principal is payable annually on May 1 through the year 2015 and interest is payable semiannually on May 1 and November 1 at an annual rate of 3.173%. Principal and interest installments are being paid directly by the Facility. Accordingly, a receivable has been recorded in the City's utility enterprise fund equal to the outstanding revenue bonds at year end which totaled \$214,072. Future annual requirements for retirement of the revenue bonds at December 31, 2005 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	18,525	6,498	25,023
2007	19,113	5,901	25,014
2008	19,720	5,285	25,005
2009	20,345	4,650	24,995
2010	20,991	3,994	24,985
2011-2015	115,378	9,382	124,760
	<u>\$ 214,072</u>	<u>\$ 35,710</u>	<u>\$ 249,782</u>

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

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

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

Component Unit

The Redevelopment Authority for the City of Amery issued a bank promissory note in the amount of \$210,000 on January 5, 2004 for the purchase of real estate within the City of Amery to be used for future development. Future proceeds from the sale of the real estate will be applied to retire the promissory note. Interest paid on the note during 2005 totaled \$5,120 and the rate on the note at December 31, 2005 was 4.44% and renewed to 5.11% on January 5, 2006. The promissory note renews every six months by agreement between the Redevelopment Authority and bank.

F. Governmental Fund Balances

The governmental fund balances reported on the fund financial statements at December 31, 2005 consisted of the following:

	<u>Total</u>	<u>Reserved</u>	<u>Designated</u>	<u>Undesignated</u>
Major Funds:				
General Fund	\$ 88,959	\$	\$	\$
Reserved for Delinquent Taxes		798		
Reserved for Interfund Advances		27,814		
Designated (supplementary Schedule B-1)			117,917	
Undesignated				(57,570)
Debt Service Fund	86,446		86,446	
Nonmajor Funds:				
Landfill Contamination and Remediation Fund	301,291		301,291	
Library Fund	57,381		57,381	
CDBG Revolving Loan Fund	23,598		23,598	
Tax Incremental District #5 Fund	115,594		115,594	
Tax Incremental District #6 Fund	<u>(27,814)</u>			<u>(27,814)</u>
 Total Governmental Fund Balances at December 31, 2005	 <u>\$ 645,455</u>	 <u>\$ 28,612</u>	 <u>\$ 702,227</u>	 <u>\$ (85,384)</u>

G. Tax Incremental Districts

The City has created five tax incremental financing districts (TIF districts or TIDs) in accordance with Section 66.1105 of the Wisconsin Statutes. The purpose of that section is to allow a municipality to recover development and improvements costs in a designated area from the property taxes generated on the increased value of the property after creation of the district. The tax on the increased value is called a tax increment.

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

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

G. Tax Incremental Districts (cont'd.)

The State enacted several changes relating to tax incremental districts in 2004 (with amending legislation in 2005). One of these changes extended the expenditure period for all current and future districts, effective October 1, 2004, to five years prior to the termination of the district's unextended maximum life. For those districts that had reached the end of its expenditure period prior to October 1, 2004, it allowed a municipality to expend additional project costs included in the project plan (subject to certain conditions). Project costs uncollected at the dissolution date are absorbed by the municipality.

The City had terminated TID #2 and TID #3 during 2001 with closeout of the funds at December 31, 2001, and TID #4 was terminated in 2004. TID #5 and TID #6 were still in existence at December 31, 2005. The resolution creating TID #6 was dated May 5, 2004 and the resolution creating TID #5 was dated September 28, 1992. The project plans, on file in the office of the City Administrator, detail the proposed projects, the estimated years of construction or site acquisition and the estimated costs of the individual project components.

Transactions of TID #5 and TID #6 are accounted for in capital projects funds. Project expenditures through December 31, 2005 have been financed by a combination of long-term debt and long-term advances from the City's general fund. Accumulated project costs and revenues of the districts through December 31, 2005 are summarized as follows:

	<u>TID #5</u>	<u>TID #6</u>
Accumulated Project Costs (from Inception to 12/31/05):		
Projects Costs	\$ 1,999,164	\$ 574,379
Debt Costs:		
Interest and Fiscal Charges on Debt	529,493	8,945
Interest on Advances from General Fund	30,430	
Transfer of Excess Increments to Other TIDs		
Total Project Costs	2,559,087	583,324
Accumulated Project Revenues:		
Tax Increments	1,120,183	
Intergovernmental Grants	215,842	101,510
Interest Revenues	8,556	
Sale of Land	276,880	
Transfer of Excess Increments from TID #4	828,220	
Total Project Revenues	2,449,681	101,510
Future Project Revenues Necessary to Recover Net Costs to Date	\$ 109,406	\$ 481,814

The preceding summaries of transactions are reconciled to the fund balances in TID districts at December 31, 2005 as follows:

	<u>TID #5</u>	<u>TID #6</u>
Outstanding Long-term Indebtedness at 12/31/05	\$ 225,000	\$ 454,000
Less Unrecovered Project Costs Above	(109,406)	(481,814)
Fund Balance (Deficit) December 31, 2005	\$ 115,594	\$ (27,814)

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

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

H. Adjustments to Beginning Net Assets

The beginning net assets of governmental activities reported in the government-wide statements was adjusted as follows:

Total net assets previously reported at December 31, 2004	\$ 2,472,981
Lease-purchase agreement for street cleaning equipment assumed in 2004 but not recorded until 2005	<u>(22,228)</u>
Beginning net assets reported on the statement of activities for governmental funds (Exhibit 2) at January 1, 2005	<u>\$ 2,450,753</u>

IV. OTHER INFORMATION

A. Employee Retirement Plan

All eligible City of Amery employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work at least 600 hours a year (440 for teachers) are eligible to participate in the WRS. Covered employees in the general/teacher category are required by statute to contribute 5.8% of their salary (2.8% for executives and elected officials, 4.9% for protective occupations with social security, and 3.3% for protective occupations without social security) to the plan. Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the WRS for the year ended December 31, 2005 was \$924,884; the employer's total payroll was \$1,048,500. The total required contribution for the year ended December 31, 2005 was \$110,855, which consisted of \$60,185, or 6.5% of payroll from the employer and \$50,670, or 5.5% of payroll from employees. Total contributions for the years ending December 31, 2004 and 2003 were \$103,227 and \$91,108, respectively, equal to the required contributions for each year.

The City's pension related debt at December 31, 2005 (the unfunded actuarial accrued liability for prior service costs) was \$13,519. This debt is being amortized over a 40-year period beginning January 1, 1990 with interest annually accrued on the outstanding balance at year end. The interest rate for 2005 was 7.8%.

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

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

CITY OF AMERY, WISCONSIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
For The Year Ended December 31, 2005**

IV. OTHER INFORMATION (cont'd.)

B. Fire Department Retirement Fund

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

The Plan is funded by annual contributions from the City as determined annually by the City Council. Transactions of the Plan are accounted for in a private purpose trust fund by the City. The balance in the fund at December 31, 2005 was \$56,308. A total of thirty-six (36) firefighters had a vested interest in the Plan at that date.

C. Vacation, Sick Leave and Compensatory Time Off Liabilities

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

Liabilities for accumulated vacation, sick leave and compensatory time are not accrued in the City's governmental fund financial statements but are recorded as expenditures when paid. Such liabilities are accrued in the government-wide and proprietary fund financial statements when earned. The estimated liabilities for unused vacation, sick leave and compensatory time payable from governmental funds at December 31, 2005 were \$209,641. The estimated liabilities in the proprietary funds at that date were \$77,043.

D. District Fire Hall Construction

During 2004 the City completed construction of a new fire hall building. Project costs included site preparation and the razing of an existing building on the site. Project costs and related financing have been recorded in the City's "District Fire Hall Construction" capital projects fund. Project costs incurred by the City through December 31, 2005 totaled \$1,496,917. Financing for the project included a private donation of \$500,149, a State Brownfield Grant of \$122,300 and proceeds of long-term debt. Repayment of the long-term debt is expected to be funded with revenues from the fire districts' participating municipalities (including the City).

E. Participation in Biosolids Facility

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

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS For The Year Ended December 31, 2005

IV. OTHER INFORMATION (cont'd.)

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

Pursuant to an agreement establishing the City's participation in the Facility, the City was required to provide initial funding for its share of the start-up and construction costs of the Facility. Accordingly, the City authorized the issuance of \$354,703 of mortgage revenue bonds to the State of Wisconsin under the Clean Water Fund Financial Assistance Program to fund its share of the costs (see also Note III E). Proceeds of the debt were remitted directly to the Facility. The Facility is expected to fund repayment of the debt and to recover the costs thereof through user charges. The outstanding debt at December 31 2005 totaling \$214,072 is reflected in the sewer department of the City's enterprise fund. A receivable from the Facility equal to the outstanding debt and related accrued interest of \$1,132 was also recorded therein since the debt is to be funded by the Facility. The total receivable of \$215,204 at December 31 2005 was classified as \$19,657 current and \$195,547 long-term in the utility's year end statement of net assets.

F. Landfill Closure and Postclosure Costs

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

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

In further response to the demands of WDNR, the City developed a preliminary remedial action plan (RAP) which was conditionally approved by WDNR in February 1999, and construction began on a landfill cap in 1999. During 2000 construction was completed with total project costs at \$784,449. As required, the City began monitoring groundwater quality and landfill gases at the site in 2000. All costs are recorded in the City's Landfill Contamination and Remediation special revenue fund. The remedial action plan also includes future monitoring costs which were estimated at \$329,700 at December 31, 1999. The reported estimated costs at December 31, 2005 were \$188,095 (the estimated costs at December 31, 1999 reduced by monitoring costs incurred from December 31, 1999 through December 31, 2005). This amount is included in the governmental funds long-term liabilities in the City's statement of net assets at December 31, 2005. To assist in defraying the costs of this matter, the City is participating in the Wisconsin Municipal Negotiation/Cost Recovery Process as described in Section 292.35 of the Wisconsin Statutes. Through this process, the City secured a grant from WDNR in 1999 in the amount of \$350,000. In June 1999, the City submitted Offers to Settle to various identified parties that contributed wastes to the landfill totaling an additional \$575,000 of settlement demands. Through December 31, 2005 the City had received settlements from public and intergovernmental sources in the amounts of \$487,127 and \$52,995, respectively. These collections and loan proceeds have been recorded in the special revenue fund referred to above. The balance in that fund at December 31, 2005 totaled \$301,291 and is expected to be used to defray future costs related to the landfill. The City also authorized the sale of up to \$628,758 in General Obligation Land Remediation promissory notes, Series 2000, through the Wisconsin Department of Natural Resources Land Recycling Loan program. Through December 31, 2005 the City had drawn down \$481,687 of the authorized loan.

CITY OF AMERY, WISCONSIN

NOTES TO THE BASIC FINANCIAL STATEMENTS For The Year Ended December 31, 2005

IV. OTHER INFORMATION (cont'd.)

G. Golf Club

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

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

At December 31, 2005, the City had no outstanding debt subject to collection from the Golf Club.

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

H. Utility Rate Increase

Joint Water and Sewer Utility

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

I. Risk Management

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

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMERY, WISCONSIN

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$1,217,532	\$1,212,902	\$1,211,215	\$ (1,687)
Special Assessments	3,768	3,768	5,202	1,434
Intergovernmental	983,017	1,100,977	1,115,248	14,271
Licenses and Permits	40,030	40,030	50,196	10,166
Fines and Forfeits	38,900	38,900	42,446	3,546
Public Charges for Services	19,750	144,764	145,928	1,164
Intergovernmental Charges for Services	155,918	155,918	142,673	(13,245)
Miscellaneous:				
Interest	13,502	13,502	16,743	3,241
Rent	31,800	31,800	23,817	(7,983)
Sale of Village Property			4,900	4,900
Donations		32,100	32,100	-
Other	11,000	11,000	11,708	708
Total Revenues	<u>2,515,217</u>	<u>2,785,661</u>	<u>2,802,176</u>	<u>16,515</u>
EXPENDITURES:				
General Government	389,854	389,854	366,714	23,140
Public Safety	916,099	1,212,996	1,218,602	(5,606)
Transportation	727,646	803,752	643,684	160,068
Sanitation	19,500	144,514	145,352	(838)
Health and Human Services	1,200	1,200	144	1,056
Culture, Recreation and Education	127,731	159,831	183,379	(23,548)
Conservation and Development	31,500	31,500	44,706	(13,206)
Debt Service	1,000	1,000		1,000
Total Expenditures	<u>2,214,530</u>	<u>2,744,647</u>	<u>2,602,581</u>	<u>142,066</u>
Excess of Revenues Over Expenditures	<u>300,687</u>	<u>41,014</u>	<u>199,595</u>	<u>158,581</u>
OTHER FINANCING SOURCES (USES):				
Long-term Debt Issued	70,000	280,000	280,000	-
Transfers In			51,490	51,490
Transfers Out	(370,687)	(370,687)	(351,534)	19,153
Total Other Financing Sources (Uses)	<u>(300,687)</u>	<u>(90,687)</u>	<u>(20,044)</u>	<u>70,643</u>
NET CHANGE IN FUND BALANCE	-	(49,673)	179,551	229,224
FUND BALANCE, JANUARY 1	-	(90,592)	(90,592)	-
FUND BALANCE, DECEMBER 31	<u>\$ -</u>	<u>\$ (140,265)</u>	<u>\$ 88,959</u>	<u>\$ 229,224</u>

CITY OF AMERY, WISCONSIN

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended December 31, 2005**

Budgetary Information

GASB 34 requires the presentation of budgetary comparison schedules for the general fund. Budgetary information is derived from the City's annual operating budget.

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

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

OTHER SUPPLEMENTARY INFORMATION



COMBINING AND INDIVIDUAL FUND STATEMENTS

**CITY OF AMERY, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
For The Year Ended December 31, 2005**

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Landfill Contamination & Remediation	Library	CDBG Revolving Loan Fund	Brownfield Fund	TID #5 Fund	TID #6 Construction Fund	Fire Hall Fund	Total Capital Projects Funds	
Cash and Investments	\$301,319	\$ 67,995	\$ 23,598	\$ -	\$392,912	\$ 708	\$ -	\$116,902	\$ 509,814
Taxes Receivable		189,905			189,905	16,839		142,892	332,797
Long-term Receivables			197,538		197,538				197,538
Total Assets	\$301,319	\$257,900	\$221,136	\$ -	\$780,355	\$17,547	\$ -	\$259,794	\$1,040,149

ASSETS

Cash and Investments
Taxes Receivable
Long-term Receivables

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities:

Vouchers Payable
Deferred Revenues
Advances from Other Funds
Total Liabilities

Fund Balances:

Designated
Undesignated
Total Fund Balances

Total Liabilities and Fund Balances

\$ 28	\$ 10,614	\$ -	\$ -	\$ 10,642	\$ 600	\$ 708	\$ -	\$ 1,308	\$ 11,950
	189,905	197,538		387,443	126,053	16,839		142,892	530,335
28	200,519	197,538	-	398,085	27,814			27,814	27,814
					45,361			172,014	570,099
301,291	57,381	23,598		382,270	115,594			115,594	497,864
					(27,814)			(27,814)	(27,814)
301,291	57,381	23,598	-	382,270	115,594	(27,814)	-	87,780	470,050
\$301,319	\$257,900	\$221,136	\$ -	\$780,355	\$242,247	\$17,547	\$ -	\$259,794	\$1,040,149

**CITY OF AMERY, WISCONSIN
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For The Year Ended December 31, 2005**

	Special Revenue Funds				Capital Projects Funds				Total Nonmajor Governmental Funds
	Landfill Contamination & Remediation	Library	Revolving Loan Fund	Brownsfield Fund	Total Special Revenue Funds	TID #5 Fund	TID #6 Fund	District Fire Hall Construction Fund	
REVENUES:									
General Property Taxes	\$	\$194,500	\$	\$	\$194,500	\$	\$	\$	\$
Tax Increments						132,080			132,080
Intergovernmental	10,500	109,487		66,830	186,817				186,817
Miscellaneous:									
Interest on Investments	264	225	200		689	1,345			1,345
Sale of City Property				55,500	55,500				55,500
Loan Repayments			89,534		89,534				89,534
Total Revenues	10,764	304,212	89,734	122,330	527,040	133,425	-	-	660,465
EXPENDITURES:									
Public Safety							2,767		2,767
Sanitation	30,604	287,137		76,437	107,041				107,041
Culture, Recreation and Education					287,137				287,137
Conservation and Development			56,238		56,238	600	30,975		31,575
Total Expenditures	30,604	287,137	56,238	76,437	450,416	600	30,975	2,767	484,758
Excess (Deficiency) of Revenues Over Expenditures	(19,840)	17,075	33,496	45,893	76,624	132,825	(30,975)	(2,767)	175,707
OTHER FINANCING SOURCES (USES):									
Long-term Debt Issued					-		25,000		25,000
Transfer to Debt Service Fund	(26,416)			(45,893)	(26,416)	(47,428)			(47,428)
Transfer to General Fund					(45,893)		(5,597)		(5,597)
Total Other Financing Sources (Uses)	(26,416)	-	-	(45,893)	(72,309)	(47,428)	25,000	(5,597)	(100,334)
NET CHANGE IN FUND BALANCES	(46,256)	17,075	33,496	-	4,315	85,397	(5,975)	(8,364)	75,373
FUND BALANCES, JANUARY 1	347,547	40,306	(9,898)	-	377,955	30,197	(21,839)	8,364	394,677
FUND BALANCES, DECEMBER 31	\$301,291	\$ 57,381	\$23,598	\$ -	\$382,270	\$115,594	\$(27,814)	\$ -	\$ 87,780
									\$470,050

SCHEDULE B-1

CITY OF AMERY, WISCONSIN
 GENERAL FUND
 DETAILED BALANCE SHEETS
 December 31, 2005 and 2004

	<u>12/31/05</u>	<u>12/31/04</u>
ASSETS		
Treasurer's Cash and Investments	\$ 352,841	\$ 28,883
Departmental Cash - Courts	8,419	6,587
Petty Cash	200	200
Taxes Receivable	946,213	948,973
Delinquent Personal Property Taxes Receivable	798	451
Special Assessments Receivable	75,516	90,918
Refuse Accounts Receivable	34,907	31,040
Other Accounts Receivable	64,331	66,634
Advance to Redevelopment Authority	28,388	20,000
Advances to Other Funds:		
CDBG Revolving Loan Fund		48,698
Tax Incremental District #6 Fund	<u>27,814</u>	<u>21,839</u>
 Total Assets	 <u><u>\$1,539,427</u></u>	 <u><u>\$1,264,223</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Vouchers and Accounts Payable	\$ 125,697	\$ 83,388
Payroll Withholdings		1,011
Court Penalties Due State/County	1,332	1,522
Mobile Home Fees Due Schools	13,995	16,196
Deferred Revenues:		
Tax Roll Items:		
General Property Taxes	1,127,703	1,101,825
Special Assessments - Principal	5,482	5,268
Special Assessments - Interest	3,192	3,703
Other Items	5,050	1,131
Utility Tax Equivalent	65,080	43,266
Deferred Special Assessments	75,516	90,918
Public Safety Grant	19,002	
Special Deposits:		
Municipal Court Cash	<u>8,419</u>	<u>6,587</u>
Total Liabilities	<u><u>1,450,468</u></u>	<u><u>1,354,815</u></u>
Fund Balance:		
Reserved for:		
Delinquent Taxes	798	451
Advances to Other Funds	27,814	70,537
Designated:		
Police Vehicles	8,627	7,226
Machinery Purchases	105,721	42,447
Park Dedication	3,569	3,552
Undesignated (Deficit)	<u>(57,570)</u>	<u>(214,805)</u>
Total Fund Balance	<u><u>88,959</u></u>	<u><u>(90,592)</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$1,539,427</u></u>	 <u><u>\$1,264,223</u></u>

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2005
With Comparative Actual Amounts For The Year Ended December 31, 2004**

	2005			Variance - Positive (Negative)	2004 Actual
	Adopted Budget	Final Budget	Actual		
REVENUES:					
Taxes:					
Real and Personal Property Taxes:					
General Property Taxes	\$1,106,454	\$1,101,824	\$1,101,824	\$ -	\$1,082,400
Mobile Home Parking Permit Fees	37,000	37,000	32,061	(4,939)	35,646
Motel Room Taxes	11,000	11,000	10,946	(54)	11,362
Omitted Taxes			96	96	80
Interest and Penalties on Taxes			71	71	
Payments in Lieu of Taxes:					
DNR - Conservation Lands			2,951	2,951	
Regulated Municipally Owned Utility	46,078	46,078	43,266	(2,812)	46,078
Housing Authority	17,000	17,000	20,000	3,000	20,727
Total Taxes	<u>1,217,532</u>	<u>1,212,902</u>	<u>1,211,215</u>	<u>(1,687)</u>	<u>1,196,293</u>
Special Assessments:					
Street Improvements	3,768	3,768	5,202	1,434	33,026
Curb and Gutter					3,410
Total Special Assessments	<u>3,768</u>	<u>3,768</u>	<u>5,202</u>	<u>1,434</u>	<u>36,436</u>
Intergovernmental:					
Federal COPs Grant	31,114	31,114	23,750	(7,364)	67,500
Eldon Avenue\Cardinal Glass Project:					
Community Development Block Grant - State TEA Grant		20,794	20,794	-	96,734
		82,865	82,865	-	
Homeland Security Grant - Fire					11,340
FEMA Fire Equipment Grant	100,382	100,382	140,185	39,803	95,594
State Shared Taxes	620,461	620,461	620,830	369	619,192
State Exempt Computer Aid	9,500	14,130	6,185	(7,945)	9,398
Fire Insurance Tax	6,000	6,000	6,480	480	6,354
State Aid - Ambulance		3,793	3,793	-	
State Aid - Tank Inspections	12,000	12,000	8,991	(3,009)	8,034
State Grant - Police Training	1,400	7,278	7,278	-	1,400
State General Transportation Aids	194,160	194,160	194,097	(63)	178,321
State Airport Improvement Grant	8,000	8,000		(8,000)	
Total Intergovernmental	<u>983,017</u>	<u>1,100,977</u>	<u>1,115,248</u>	<u>14,271</u>	<u>1,093,867</u>
Licenses and Permits:					
Licenses:					
Liquor and Malt Beverages	6,800	6,800	6,965	165	6,866
Operators	2,300	2,300	2,000	(300)	1,888
Cigarette	950	950	700	(250)	950
Mobile Home Park	280	280	278	(2)	280

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2005
With Comparative Actual Amounts For The Year Ended December 31, 2004**

	2005			Variance - Positive (Negative)	2004 Actual
	Adopted Budget	Final Budget	Actual		
REVENUES: (cont'd.)					
Licenses and Permits: (cont'd.)					
Licenses: (cont'd.)					
Bicycle	\$	\$	\$ 14	\$ 14	\$ 4
Cable TV Franchise	14,000	14,000	14,851	851	10,405
Dog Licenses Refunded from County			73	73	69
Zoning Permits and Fees	500	500	450	(50)	1,082
Other			30	30	30
Permits:					
Building Permits	12,500	12,500	23,673	11,173	40,068
Street Opening Permits	2,000	2,000	300	(1,700)	5,695
Garage Sale			102	102	82
Park	700	700	760	60	741
Total Licenses and Permits	<u>40,030</u>	<u>40,030</u>	<u>50,196</u>	<u>10,166</u>	<u>68,160</u>
Fines and Forfeits:					
Law and Ordinance Violations:					
County Court Penalties and Costs	100	100	1,299	1,199	130
Municipal Court Penalties and Costs	38,000	38,000	40,532	2,532	36,977
Parking Violations	800	800	615	(185)	710
Total Fines and Forfeits	<u>38,900</u>	<u>38,900</u>	<u>42,446</u>	<u>3,546</u>	<u>37,817</u>
Public Charges for Services:					
General Government:					
License Publication Fees	600	600	600	-	493
Sale of Materials and Supplies	150	150	313	163	372
Public Safety:					
Police Department Fees	5,500	5,500	7,725	2,225	4,815
Fire Department Fees	1,000	1,000	1,049	49	1,951
Public Works and Sanitation:					
Sidewalks	5,000	5,000	3,215	(1,785)	1,709
Street Sweeping					200
Private Parking Lot Maintenance			1,105	1,105	6,814
Taxi Revenues	500	500	968	468	1,151
Airport	6,500	6,500	4,711	(1,789)	6,774
Weed and Nuisance Control			573	573	154
Recycling Bags					
Landfill	500	500	505	5	563
Refuse Collection		125,014	125,014	-	125,603
Conservation and Development:					
Developers Charges - Whispering Waters			150	150	10,000
Total Public Charges for Services	<u>19,750</u>	<u>144,764</u>	<u>145,928</u>	<u>1,164</u>	<u>160,599</u>

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2005
With Comparative Actual Amounts For The Year Ended December 31, 2004**

	2005			Variance - Positive (Negative)	2004 Actual
	Adopted Budget	Final Budget	Actual		
REVENUES: (cont'd.)					
Intergovernmental Charges for Services:					
Counties and Municipalities:					
Fire Protection Services:					
2% State Tax from Townships	\$ 10,075	\$ 10,075	\$ 10,075	\$ -	\$ 10,416
Subsidy Charges to Townships	107,062	107,062	98,969	(8,093)	111,414
Dam	1,500	1,500	500	(1,000)	1,291
Proposed Shop Addition					6,131
School Districts:					
Liaison Officer	19,481	19,481	19,479	(2)	6,532
Local Departments:					
Utility Equipment Rental	5,000	5,000	850	(4,150)	3,606
Office Space Rental to Utility	12,800	12,800	12,800	-	12,800
Total Intergovernmental Charges for Services	<u>155,918</u>	<u>155,918</u>	<u>142,673</u>	<u>(13,245)</u>	<u>152,190</u>
Miscellaneous:					
Interest:					
General Investments	8,000	8,000	12,570	4,570	5,662
Special Assessments	5,202	5,202	3,769	(1,433)	6,204
Interest on Tax Roll Charges	300	300	404	104	643
Rent:					
City Buildings	3,600	3,600	2,075	(1,525)	6,708
Cell Tower Space	28,200	28,200	21,742	(6,458)	
Other:					
Donations - Skate Park		32,100	32,100	-	
Donations - Other					145
Sale of Other City Property:					
Fire Trucks					1,251
Other			4,900	4,900	13,942
Compensation for Loss of Fixed Assets			11,531	11,531	
Insurance Dividend	10,000	10,000		(10,000)	
Miscellaneous	1,000	1,000	177	(823)	5,065
Refund of Prior Years Expenses					882
Total Miscellaneous	<u>56,302</u>	<u>88,402</u>	<u>89,268</u>	<u>866</u>	<u>40,502</u>
Total Revenues	<u>2,515,217</u>	<u>2,785,661</u>	<u>2,802,176</u>	<u>16,515</u>	<u>2,785,864</u>

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2005
With Comparative Actual Amounts For The Year Ended December 31, 2004**

	2005			Variance - Positive (Negative)	2004 Actual
	Adopted Budget	Final Budget	Actual		
EXPENDITURES:					
General Government:					
Legislative:					
Council	\$ 12,500	\$ 12,500	\$ 13,692	\$ (1,192)	\$ 13,239
Publications	2,000	2,000	1,754	246	2,032
Executive:					
Mayor	12,600	12,600	12,983	(383)	13,579
General Administration:					
Clerk-Treasurer	122,334	122,334	124,933	(2,599)	124,405
Operating Supplies	2,000	2,000	3,731	(1,731)	2,758
Elections	5,000	5,000	3,340	1,660	11,261
Financial Administration:					
Assessment of Property	35,700	35,700	37,486	(1,786)	38,437
Special Accounting and Independent Auditing	7,500	7,500	13,549	(6,049)	8,682
Legal:					
Municipal Court	40,000	40,000	34,958	5,042	30,130
City Attorney	15,000	15,000	10,780	4,220	21,735
Codification of Ordinances	2,000	2,000	253	1,747	3,961
Buildings and Plant:					
City Hall	33,500	33,500	40,723	(7,223)	61,693
City Hall Outlay					51,136
Other General Government:					
Maps	500	500	363	137	
Property, Liability and Workers Compensation Insurance	96,000	96,000	63,119	32,881	74,597
Illegal Taxes and Refunds			1,333	(1,333)	129
Employee Script	2,500	2,500	2,390	110	2,085
Employee Benefits Administrative Costs	720	720	645	75	770
Unemployment Compensation Benefit			577	(577)	417
Additional Expenditures from Prior Years			105	(105)	732
Total General Government	<u>389,854</u>	<u>389,854</u>	<u>366,714</u>	<u>23,140</u>	<u>461,778</u>
Public Safety:					
Police:					
Police Department	528,320	534,198	548,457	(14,259)	494,814
Police Liaison Officer	70,077	70,077	50,017	20,060	52,925
Police Department Outlay	9,500	9,500	10,628	(1,128)	3,478
Police Vehicles	24,000	31,226	20,088	11,138	19,555
Bicycle Safety					
Fire:					
Fire Department	101,800	101,800	137,700	(35,900)	128,482
Fire Department Outlay	126,535	406,535	382,056	24,479	130,345
Hydrant Rental					115,509

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2005
With Comparative Actual Amounts For The Year Ended December 31, 2004**

	2005			Variance - Positive (Negative)	2004 Actual
	Adopted Budget	Final Budget	Actual		
EXPENDITURES: (cont'd.)					
Public Safety: (cont'd.)					
Inspections:					
Building Inspection	\$ 9,375	\$ 9,375	\$ 21,319	\$ (11,944)	\$ 32,374
Tank Inspections	11,400	11,400	8,288	3,112	12,474
Control:					
Dams	3,000	3,000	1,718	1,282	6,840
Ambulance	31,992	31,992	31,922	70	31,295
Ambulance Grant Expenditures		3,793	3,793	-	
Civil Defense	100	100	2,616	(2,516)	572
Total Public Safety	<u>916,099</u>	<u>1,212,996</u>	<u>1,218,602</u>	<u>(5,606)</u>	<u>1,028,663</u>
Public Works:					
Transportation Facilities:					
Machinery and Equipment Maintenance	92,225	92,225	64,331	27,894	78,300
Machinery and Equipment Outlay:					
Street Sweeper	11,782	11,782	11,772	10	11,772
Utility Truck Leases	13,776	13,776	13,784	(8)	13,784
Other	5,000	47,447	22,138	25,309	
Safety	6,800	6,800	9,185	(2,385)	12,903
Garages and Sheds	21,500	21,500	25,287	(3,787)	24,582
Garages and Sheds Outlay					104,532
Shop Addition Study - Polk County Highway					7,689
Streets and Related Facilities:					
Street Maintenance	152,500	152,500	132,918	19,582	140,608
Road Overlays	125,000	125,000	128,525	(3,525)	107,148
Snow and Ice Control	75,163	75,163	71,030	4,133	52,878
Traffic Control	3,500	3,500	4,342	(842)	2,936
Street Lighting	48,000	48,000	50,070	(2,070)	43,713
Bridge Maintenance	70,000		191	(191)	142
Storm Sewers	26,000	26,000	19,744	6,256	24,442
Sidewalk/Curb and Gutter Outlay	25,000	25,000	8,144	16,856	25,196
Eldon Street\Cardinal Glass Project		103,659	24,134	79,525	241,413
Deronda Keller Project	20,000	20,000	10,109	9,891	2,710
Storm Cleanup			3,140	(3,140)	
Other Transportation Facilities:					
Airport	30,900	30,900	26,333	4,567	21,931
Airport Fuel Cleanup			16,694	(16,694)	48
Taxi Service	500	500	1,813	(1,313)	528
Total Transportation Facilities	<u>727,646</u>	<u>803,752</u>	<u>643,684</u>	<u>160,068</u>	<u>917,255</u>

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2005
With Comparative Actual Amounts For The Year Ended December 31, 2004**

	2005			Variance - Positive (Negative)	2004 Actual
	Adopted Budget	Final Budget	Actual		
EXPENDITURES: (cont'd.)					
Sanitation:					
Sanitary Landfill	\$ 14,000	\$ 14,000	\$ 16,334	\$ (2,334)	\$ 16,596
Refuse Collection		125,014	124,535	479	125,211
Recycling/Miscellaneous Pickups	5,500	5,500	4,441	1,059	7,736
Weed Control			42	(42)	30
Total Sanitation	<u>19,500</u>	<u>144,514</u>	<u>145,352</u>	<u>(838)</u>	<u>149,573</u>
Health and Human Services:					
Cemetery	1,200	1,200	144	1,056	1,827
Culture, Recreation and Education:					
Library Study					
Community Center Subsidy	17,000	17,000	23,259	(6,259)	18,374
Community Center Building/Systems Repairs			921	(921)	361
Water Recreation	600	600	381	219	432
Celebrations and Entertainment	25,766	25,766	16,924	8,842	27,268
Parks	50,040	50,040	41,047	8,993	49,550
Skate Park		32,100	63,136	(31,036)	
Park Mowers	17,500	17,500	15,250	2,250	10,000
Tennis Court Improvements	5,000	5,000		5,000	2,000
Riverfront Development	500	500	60	440	
York Park					109
Golf Course			7,623	(7,623)	
Skating Rink	3,325	3,325	3,352	(27)	3,094
Cable Television	8,000	8,000	11,426	(3,426)	7,765
Total Culture, Recreation and Education	<u>127,731</u>	<u>159,831</u>	<u>183,379</u>	<u>(23,548)</u>	<u>118,953</u>
Conservation and Development:					
Tree Maintenance and Restoration	2,500	2,500	324	2,176	
Advertising and Promotion	6,000	6,000	6,399	(399)	1,688
Economic Development			5,690	(5,690)	46
Planning Commission	1,000	1,000	403	597	684
Planning Office	10,000	10,000	3,676	6,324	3,451
Smart Growth Plan	9,000	9,000		9,000	
Zoning	2,000	2,000	6,696	(4,696)	5,403
Shoreline Restoration	1,000	1,000		1,000	
Redevelopment Authority			227	(227)	
CDBG Housing Rehabilitation Grant			2,139	(2,139)	
Whispering Water Development			19,152	(19,152)	2,117
Total Conservation and Development	<u>31,500</u>	<u>31,500</u>	<u>44,706</u>	<u>(13,206)</u>	<u>13,389</u>

**CITY OF AMERY, WISCONSIN
GENERAL FUND
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2005
With Comparative Actual Amounts For The Year Ended December 31, 2004**

	2005			Variance - Positive (Negative)	2004 Actual
	Adopted Budget	Final Budget	Actual		
EXPENDITURES: (cont'd.)					
Debt Service:					
Interest on Temporary Loans	\$ 1,000	\$ 1,000	\$ -	\$ 1,000	\$ 1,166
Total Expenditures	<u>2,214,530</u>	<u>2,744,647</u>	<u>2,602,581</u>	<u>142,066</u>	<u>2,692,604</u>
Excess of Revenues Over Expenditures	<u>300,687</u>	<u>41,014</u>	<u>199,595</u>	<u>158,581</u>	<u>93,260</u>
OTHER FINANCING SOURCES (USES):					
Long-term Debt Issued:					
General Obligation Notes:					
Bridge Street	70,000				70,000
Fire Truck		280,000	280,000	-	
Street Equipment					23,000
City Shop Building					327,150
Transfers In:					
Transfer from Special Revenue Fund			45,893	45,893	
Transfer from Capital Projects Fund			5,597	5,597	
Transfers Out:					
Transfers to Debt Service Fund	(365,687)	(365,687)	(346,534)	19,153	(381,095)
Transfer to Fire Department Expendable Trust Fund	(5,000)	(5,000)	(5,000)	-	(5,000)
Total Other Financing Sources (Uses)	<u>(300,687)</u>	<u>(90,687)</u>	<u>(20,044)</u>	<u>70,643</u>	<u>34,055</u>
NET CHANGE IN FUND BALANCE [1]	-	(49,673)	179,551	229,224	127,315
FUND BALANCE, JANUARY 1	-	(90,592)	(90,592)	-	(217,907)
FUND BALANCE, DECEMBER 31	<u>\$ -</u>	<u>\$ (140,265)</u>	<u>\$ 88,959</u>	<u>\$ 229,224</u>	<u>\$ (90,592)</u>

[1] Budget difference of \$49,673 consisted of the following beginning balances designated for:

Police Vehicles	\$ 7,226
Machinery Purchases	42,447
	<u>\$ 49,673</u>

SCHEDULE C-1

CITY OF AMERY, WISCONSIN
DEBT SERVICE FUNDS
DETAILED BALANCE SHEET
December 31, 2005

		General Long-term Debt Redemption Fund				
		Landfill	TID #5	Fire Hall		
General		Remediation	Debt	Construction		Totals
City		Debt	Debt	Debt		
\$		\$	\$	\$ 86,446		\$ 86,446
				65,497		65,497
				373,979		373,979
\$ -		\$ -	\$ -	\$525,922		\$525,922
ASSETS:						
Treasurer's Cash and Investments						
Long-term Receivables:						
Alden Township						
Lincoln Township						
Total Assets						
LIABILITIES AND FUND BALANCES						
Liabilities:						
\$		\$	\$	\$439,476		\$439,476
				86,446		86,446
\$ -		\$ -	\$ -	\$525,922		\$525,922
Fund Balances:						
Designated for Debt Service						
Total Liabilities and Fund Balances						

SCHEDULE C-2

**CITY OF AMERY, WISCONSIN
DEBT SERVICE FUNDS
DETAILED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2005**

	General Long-term Debt Redemption Fund					Totals	
	General City	Landfill		TID #5 Debt	Fire Hall Construction Debt		
		Remediation Debt					
REVENUES:							
Contributions to Fire Hall Construction	\$ -	\$ -	\$ -	\$ -	\$ 144,619	\$ 144,619	
EXPENDITURES:							
Debt Service:							
General Obligation Notes:							
Principal Retirement	\$268,289	\$ 24,459	\$ 35,000	\$ 49,000		\$376,748	
Interest and Fiscal Charges	55,736	1,957	12,428	31,682		101,803	
Total Expenditures	324,025	26,416	47,428	80,682		478,551	
Excess (Deficiency) of Revenues Over Expenditures	(324,025)	(26,416)	(47,428)	63,937		(333,932)	
OTHER FINANCING SOURCES:							
Operating Transfers From:							
General Fund	324,025			22,509		346,534	
Special Revenue Funds		26,416				26,416	
Capital Projects Funds			47,428			47,428	
Total Other Financing Sources	324,025	26,416	47,428	22,509		420,378	
NET CHANGE IN FUND BALANCE	-	-	-	86,446		86,446	
FUND BALANCES, JANUARY 1	-	-	-	-		-	
FUND BALANCES, DECEMBER 31	\$ -	\$ -	\$ -	\$ 86,446		\$ 86,446	

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
WATER DEPARTMENT
STATEMENTS OF NET ASSETS
December 31, 2005 and 2004**

	<u>12/31/05</u>	<u>12/31/04</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ 691,474	\$ 787,986
Customer Accounts Receivable	86,289	52,095
Due from Other Governments		41,396
Other Accounts Receivable	978	
Accounts Receivable from Tax Roll	9,022	4,571
Materials and Supplies	29,732	26,799
Total Current Assets	<u>817,495</u>	<u>912,847</u>
Capital Assets:		
Utility Plant in Service	4,011,482	3,917,861
Less Accumulated Depreciation	893,393	813,029
Net Capital Assets	<u>3,118,089</u>	<u>3,104,832</u>
Other Assets and Deferred Charges:		
Unamortized Debt Discount	<u>7,343</u>	<u>8,433</u>
Total Assets	<u><u>\$3,942,927</u></u>	<u><u>\$4,026,112</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,062	\$ 31,667
Construction Payables		102,594
Interest Accrued	2,768	3,494
Current Portion of Long-term Liabilities:		
General Obligation Debt	37,000	51,574
Accrued Employee Benefits	6,288	7,998
Total Current Liabilities	<u>48,118</u>	<u>197,327</u>
Long-term Liabilities (Less Current Portion):		
General Obligation Notes	873,000	910,000
Accrued Employee Benefits	23,124	20,752
Total Long-term Liabilities	<u>896,124</u>	<u>930,752</u>
Total Liabilities	<u>944,242</u>	<u>1,128,079</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	2,215,432	2,143,258
Unrestricted	783,253	754,775
Total Net Assets	<u>2,998,685</u>	<u>2,898,033</u>
Total Liabilities and Net Assets	<u><u>\$3,942,927</u></u>	<u><u>\$4,026,112</u></u>

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
WATER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For The Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Sales of Water:		
Residential	\$ 130,769	\$ 119,551
Commercial	61,927	58,087
Industrial	16,999	14,696
Public Authorities	17,466	16,712
Public Fire Protection	131,806	115,509
Private Fire Protection	7,254	6,518
Total Sales of Water	<u>366,221</u>	<u>331,073</u>
Other Operating Revenues:		
Forfeited Discounts	758	708
Tower Rents		13,350
Miscellaneous Revenues	2,907	2,263
Total Other Operating Revenues	<u>3,665</u>	<u>16,321</u>
 Total Operating Revenues	 <u>369,886</u>	 <u>347,394</u>
OPERATING EXPENSES:		
Operation and Maintenance	153,986	199,820
Depreciation	80,484	64,856
Taxes	69,494	47,679
 Total Operating Expenses	 <u>303,964</u>	 <u>312,355</u>
 OPERATING INCOME	 <u>65,922</u>	 <u>35,039</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Revenue	820	416
Interest Expense	(35,061)	(19,459)
Amortization of Debt Discount and Issuance Expenses	(1,089)	(567)
 Total Nonoperating Revenues (Expenses)	 <u>(35,330)</u>	 <u>(19,610)</u>
 INCOME BEFORE CONTRIBUTIONS	 <u>30,592</u>	 <u>15,429</u>
CAPITAL CONTRIBUTIONS:		
Hookup Fees	4,518	6,941
Plant Funded by Government Grants	65,542	429,458
Plant Contributed by Customers and Developers		41,314
Total Capital Contributions	<u>70,060</u>	<u>477,713</u>
 CHANGE IN NET ASSETS	 100,652	 493,142
 NET ASSETS, JANUARY 1	 <u>2,898,033</u>	 <u>2,404,891</u>
 NET ASSETS, DECEMBER 31	 <u>\$2,998,685</u>	 <u>\$2,898,033</u>

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY
WATER DEPARTMENT
STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Utility Customers	\$196,539	\$ 224,435
Cash Received for Public Fire Protection	131,806	115,508
Cash Received from Sewer Share of Meter Related Expense	23,026	18,847
Cash Payments to Suppliers for Goods and Services	(112,179)	(135,412)
Cash Payments for Employee Services	(67,889)	(76,803)
Cash Payments of Tax Equivalents	<u>(65,080)</u>	<u>(43,266)</u>
Net Cash Provided by Operating Activities	<u>106,223</u>	<u>103,309</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	(227,062)	(1,134,888)
Cash Received from Capital Contributed by Utility Customers	4,335	7,745
Cash Received from Governmental Grants as Contributed Capital	106,938	338,062
Cash Received from Proceeds of Long-term Debt		919,000
Principal Paid on Long-term Debt	(51,574)	(37,824)
Interest Paid on Long-term Debt	<u>(35,787)</u>	<u>(17,836)</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(203,150)</u>	<u>74,259</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received on Tax Roll Items	<u>415</u>	<u>563</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,512)	178,131
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>787,986</u>	<u>609,855</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$691,474</u></u>	<u><u>\$ 787,986</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income	\$ 65,922	\$ 35,039
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Accruals	82,614	66,813
Amortization Expense		12,365
Changes in Assets and Liabilities:		
Increase in Customer Accounts Receivable	(34,194)	(6,007)
Decrease (Increase) in Due from Other Funds	(4,842)	661
Decrease (Increase) in Inventories	(2,933)	406
Increase (Decrease) in Accrued Benefits	662	(2,976)
Decrease in Accounts Payable	<u>(1,006)</u>	<u>(2,992)</u>
Net Cash Provided by Operating Activities	<u><u>\$106,223</u></u>	<u><u>\$ 103,309</u></u>

CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
WATER DEPARTMENT
DETAIL OF OPERATION AND MAINTENANCE EXPENSES
For The Year Ended December 31, 2005

	<u>2005</u>	<u>2004</u>
Sources of Supply:		
Operation Labor	\$ 35	\$ 374
Supplies and Expense	431	130
Maintenance of Source Plant	7,270	4,363
Total Sources of Supply	<u>7,736</u>	<u>4,867</u>
Pumping:		
Operation Labor		101
Fuel for Pumping	9,605	10,863
Supplies and Expense		971
Maintenance of Pumping Plant		4
Total Pumping	<u>9,605</u>	<u>11,939</u>
Water Treatment:		
Operation Labor	444	372
Chemicals	12,544	14,080
Operating Supplies and Expenses	2,984	910
Maintenance of Plant	253	297
Total Water Treatment	<u>16,225</u>	<u>15,659</u>
Transmission and Distribution:		
Operation Labor	1,621	7,069
Operation Supplies and Expenses	800	998
Maintenance of Reservoirs (Amortization of Water Tower Painting)		16,946
Maintenance of Mains	23,521	22,929
Maintenance of Services	433	7,912
Maintenance of Meters	10,618	9,805
Maintenance of Hydrants	508	1,189
Maintenance of Other Transmission and Distribution Plant	1,944	3,231
Total Transmission and Distribution	<u>39,445</u>	<u>70,079</u>
Customer Accounts:		
Meter Reading Labor	2,200	1,670
Accounting and Collecting Labor	7,490	7,326
Office Supplies and Expenses	507	523
Total Customer Accounts	<u>10,197</u>	<u>9,519</u>
Administrative and General:		
Administrative and General Salaries	13,479	15,356
Office Supplies and Expenses	4,729	6,298
Outside Services Employed	4,975	12,561
Property and Liability Insurance	9,450	9,426
Injuries and Damages	2,485	4,451
Employees Pensions and Benefits	24,806	27,013
Regulatory Commission Expenses		1,778
Miscellaneous General Expenses	7,794	7,751
Transportation Expenses	3,060	3,123
Total Administrative and General	<u>70,778</u>	<u>87,757</u>
TOTAL OPERATION AND MAINTENANCE	<u><u>\$153,986</u></u>	<u><u>\$199,820</u></u>

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
SEWER DEPARTMENT
STATEMENTS OF NET ASSETS
December 31, 2005 and 2004**

	<u>12/31/05</u>	<u>12/31/04</u>
ASSETS		
Current Assets:		
Cash and Investments	\$ (540,218)	\$ (543,846)
Customer Accounts Receivable	138,397	133,797
Accounts Receivable from Tax Roll	15,539	10,682
Other Accounts Receivable	978	61
Final Billing Adjustment - Biosolids	7,635	7,109
Current Portion of Advance to Biosolids Facility	19,657	19,183
Materials and Supplies	4,089	4,114
Total Current Assets	<u>(353,923)</u>	<u>(368,900)</u>
Restricted Assets:		
Equipment Replacement Investments	<u>141,526</u>	<u>137,945</u>
Capital Assets:		
Utility Plant in Service	4,724,025	4,722,827
Less Accumulated Depreciation	<u>1,560,330</u>	<u>1,417,374</u>
Net Capital Assets	<u>3,163,695</u>	<u>3,305,453</u>
Other Assets and Deferred Charges:		
Advance to Biosolids Facility (Less Current Portion)	<u>195,547</u>	<u>214,072</u>
Total Assets	<u><u>\$ 3,146,845</u></u>	<u><u>\$ 3,288,570</u></u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 8,772	\$ 8,395
Interest Accrued	7,809	9,080
Current Portion of Long-term Liabilities:		
General Obligation Debt		15,574
Revenue Bonds:		
Treatment Plant Renovation	107,976	104,621
Biosolids Facility	18,525	17,956
Accrued Employee Benefits	10,182	13,303
Total Current Liabilities	<u>153,264</u>	<u>168,929</u>
Long-term Liabilities (Less Current Portion):		
Revenue Bonds - Treatment Plant Renovation	1,141,651	1,249,628
Revenue Bonds - Biosolids Facility	195,547	214,072
Accrued Employee Benefits	37,449	34,518
Total Long-term Liabilities	<u>1,374,647</u>	<u>1,498,218</u>
Total Liabilities	<u>1,527,911</u>	<u>1,667,147</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	1,914,068	1,935,630
Restricted for Equipment Replacement	141,526	137,945
Unrestricted	(436,660)	(452,152)
Total Net Assets	<u>1,618,934</u>	<u>1,621,423</u>
Total Liabilities and Net Assets	<u><u>\$ 3,146,845</u></u>	<u><u>\$ 3,288,570</u></u>

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY
SEWER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
For the Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Sewerage Revenues:		
Residential	\$ 328,121	\$ 314,446
Commercial	168,843	168,160
Industrial	59,302	50,247
Public Authorities	41,613	40,028
Total Sewerage Revenues	<u>597,879</u>	<u>572,881</u>
Other Operating Revenues:		
Forfeited Discounts	1,469	2,015
Miscellaneous Revenues		50
Total Other Operating Revenues	<u>1,469</u>	<u>2,065</u>
Total Operating Revenues	<u>599,348</u>	<u>574,946</u>
OPERATING EXPENSES:		
Operation and Maintenance	410,771	420,949
Depreciation	145,086	144,123
Taxes	10,608	10,600
Total Operating Expenses	<u>566,465</u>	<u>575,672</u>
OPERATING INCOME (LOSS)	<u>32,883</u>	<u>(726)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest Income	4,994	2,445
Interest on Advance to Biosolids Facility	6,982	7,546
Interest Expense	(48,326)	(52,981)
Total Nonoperating Revenues (Expenses)	<u>(36,350)</u>	<u>(42,990)</u>
LOSS BEFORE CONTRIBUTIONS	<u>(3,467)</u>	<u>(43,716)</u>
CAPITAL CONTRIBUTIONS:		
Hookup Fees	978	3,248
Plant Contributed by Customers and Developers		46,655
Total Capital Contributions	<u>978</u>	<u>49,903</u>
CHANGE IN NET ASSETS	(2,489)	6,187
NET ASSETS, JANUARY 1	<u>1,621,423</u>	<u>1,615,236</u>
NET ASSETS, DECEMBER 31	<u>\$1,618,934</u>	<u>\$1,621,423</u>

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY
SEWER DEPARTMENT
STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Utility Customers	\$ 590,392	\$ 576,138
Cash Received from Sewer Share of Meter Related Expense	(23,026)	(18,847)
Cash Payments to Suppliers for Goods and Services	(242,381)	(253,122)
Cash Payments for Employee Services	(158,414)	(167,880)
Net Cash Provided by Operating Activities	<u>166,571</u>	<u>136,289</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash Payments for Capital Assets	(1,198)	(3,953)
Cash Received from Capital Contributed by Utility Customers		4,834
Principal Paid on Long-term Debt	(120,196)	(116,195)
Interest Paid on Long-term Debt	(42,520)	(46,566)
Net Cash Used for Capital and Related Financing Activities	<u>(163,914)</u>	<u>(161,880)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest Received on Investments	3,581	1,474
Interest Received on Tax Roll Items	971	1,372
Net Cash Provided from Investing Activities	<u>4,552</u>	<u>2,846</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,209	(22,745)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>(405,901)</u>	<u>(383,156)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$(398,692)</u></u>	<u><u>\$(405,901)</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ 32,883	\$ (726)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Accruals	142,956	142,166
Changes in Assets and Liabilities:		
Increase in Customer Accounts Receivable	(4,600)	(1,428)
Increase in Other Accounts Receivable	(466)	(3,239)
Decrease (Increase) in Due from Other Funds	(4,415)	2,427
Decrease in Inventories	26	169
Decrease in Accrued Employee Benefits	(190)	(4,953)
Increase in Accounts Payable	377	1,873
Net Cash Provided by Operating Activities	<u>\$ 166,571</u>	<u>\$ 136,289</u>
RECONCILIATION OF CASH AND INVESTMENTS TO CASH AND CASH EQUIVALENTS:		
Cash and Investments per Exhibit 5:		
Cash and Investments - Unrestricted	\$(540,218)	\$(543,846)
Cash and Investments - Restricted	<u>141,526</u>	<u>137,945</u>
Cash and Cash Equivalents per Statement of Net Assets	<u><u>\$(398,692)</u></u>	<u><u>\$(405,901)</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Long-term Debt Paid Directly by Biosolids Facility:		
Principal Repaid	\$ 17,956	\$ 17,403
Interest Paid	\$ 7,077	\$ 7,638

**CITY OF AMERY, WISCONSIN
JOINT WATER AND SEWER UTILITY ENTERPRISE FUND
SEWER DEPARTMENT
DETAIL OF OPERATION AND MAINTENANCE EXPENSES
For The Years Ended December 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Operation:		
Salaries and Wages	\$ 90,761	\$ 97,676
Fuel or Power Purchased for Pumping	36,093	37,298
Chemicals	8,861	10,443
Biosolids Facility Expense	78,144	83,874
Outside Testing	8,580	8,334
Operating Supplies and Expenses	25,374	18,539
Transportation Expenses	4,049	3,127
Total Operation	<u>251,862</u>	<u>259,291</u>
Maintenance:		
Sewage Collection System	22,206	33,190
Collection Pumping Equipment	1,334	3,164
Treatment and Disposal Plant Equipment	14,639	12,021
General Plant Equipment	6,003	3,709
Total Maintenance	<u>44,182</u>	<u>52,084</u>
Customer Accounting and Collection:		
Meter Reading Labor	2,200	1,670
Billing, Collecting and Accounting Salaries	7,059	7,389
Total Customer Accounting and Collection	<u>9,259</u>	<u>9,059</u>
Administrative and General:		
Administrative and General Salaries	13,447	12,682
Office Supplies and Expenses	4,575	5,226
Outside Services Employed	7,025	5,226
Insurance Expense	17,467	20,311
Employee Pensions and Benefits	50,212	43,402
Regulatory Commission Expense		1,778
Miscellaneous General Expenses	6,342	5,490
Rents	6,400	6,400
Total Administrative and General	<u>105,468</u>	<u>100,515</u>
Total Operation and Maintenance Expenses	<u><u>\$ 410,771</u></u>	<u><u>\$ 420,949</u></u>

OTHER SCHEDULES

CITY OF AMERY, WISCONSIN
DETAILED RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2005

	Total Governmental Funds	Capital Assets	Long-term Receivables/ Deferred Revenues	Long-term Debt	Other Long-term Obligations	Interfund Transactions	Statement of Activities
REVENUES/OTHER SOURCES:							
Revenues:							
Taxes	\$ 1,537,795	\$	\$ 21,814	\$	\$	\$	\$ 1,559,609
Special Assessments	5,202		(5,202)				-
Intergovernmental	1,302,065						1,302,065
Licenses and Permits	50,196						50,196
Fines and Forfeits	42,446						42,446
Public Charges for Services	145,928		3,919				149,847
Intergovernmental Charges for Services	287,292		439,476				726,768
Miscellaneous:							
Interest	18,777		(511)				18,266
Rent	23,817						23,817
Sale of Property	60,400	(55,500)					4,900
Donations	32,100						32,100
Loan Repayments	89,534		(74,140)				15,394
Other	11,708						11,708
Other Sources:							
Long-term Debt Issued	305,000			(305,000)			-
Transfers In	471,868					(471,868)	-
Total Revenues/Other Sources	4,384,128	(55,500)	385,356	(305,000)	-	(471,868)	3,937,116
EXPENDITURES/EXPENSES/OTHER USES:							
Expenditures/Expenses:							
General Government	366,714		9,986		(11,220)		365,480
Public Safety	1,221,369	(316,741)			9,925	5,000	919,553
Transportation	643,684	67,257		(10,900)	9,468		709,509
Sanitation	252,393				(30,015)		222,378
Health and Human Services	144						144
Culture, Recreation and Education	470,516	(49,601)					420,915
Conservation and Development	132,519						132,519
Debt Service:							
Principal Retirement	376,748			(376,748)			-
Interest and Fiscal Charges	101,803			32,170			133,973
Other Uses:							
Transfers Out	476,868					(476,868)	-
Total Expenditures/Expenses/Other Uses	4,042,758	(299,085)	9,986	(355,478)	(21,842)	(471,868)	2,904,471
NET CHANGE FOR YEAR	\$ 341,370	\$ 243,585	\$ 375,370	\$ 50,478	\$ 21,842	\$ -	\$ 1,032,645

SCHEDULE F-1

CITY OF AMERY, WISCONSIN
 GENERAL OBLIGATION PROMISSORY NOTES DATED AUGUST 16, 1997
 Outstanding December 31, 2005

Date	Total Issue		General City		TID #5	
	Principal	Interest	Principal	Interest	Principal	Interest
6/1/2006	\$ -	\$ 8,017.50	\$ -	\$ 2,626.25	\$ -	\$ 5,391.25
12/1/2006	90,000.00	8,017.50	55,000.00	2,626.25	35,000.00	5,391.25
6/1/2007	245,000.00	5,880.00	55,000.00	1,320.00	190,000.00	4,560.00
	<u>\$ 335,000.00</u>	<u>\$ 21,915.00</u>	<u>\$ 110,000.00</u>	<u>\$ 6,572.50</u>	<u>\$ 225,000.00</u>	<u>\$ 15,342.50</u>

CITY OF AMERY, WISCONSIN
 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2003B
 DATED AUGUST 20, 2003

NEW FIRE HALL PORTION ONLY

Due from Alden and Blackbrook Townships, at December 31, 2005

Date	Total Receivable		Alden Township		Lincoln Township	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 42,132.06	\$ 16,040.85	\$ 6,278.28	\$ 2,390.63	\$ 35,853.78	\$ 13,650.22
2007	43,669.89	14,503.02	6,507.44	2,161.47	37,162.45	12,341.55
2008	45,263.84	12,909.07	6,744.96	1,923.95	38,518.88	10,985.12
2009	46,915.97	11,246.94	6,991.16	1,667.75	39,924.81	9,579.19
2010	48,628.40	9,544.51	7,246.33	1,422.58	41,382.07	8,121.93
2011	50,403.34	7,769.57	7,510.82	1,158.09	42,892.52	6,611.48
2012	52,243.06	5,929.85	7,784.97	883.94	44,458.09	5,045.91
2013	54,149.93	3,982.98	8,069.12	559.79	46,080.81	3,423.19
2014	56,068.76	2,104.15	8,363.64	305.27	47,705.12	1,798.88
	<u>\$ 439,475.25</u>	<u>\$ 84,030.94</u>	<u>\$ 65,496.72</u>	<u>\$ 12,473.47</u>	<u>\$ 373,978.53</u>	<u>\$ 71,557.47</u>
		<u>\$ 523,506.19</u>		<u>\$ 77,970.19</u>		<u>\$ 445,536.00</u>

The portion due from the Townships was amortized over ten years ending 12/1/2014, while the actual promissory note has a final payoff dated 6/1/2013