

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

<u>NOTE</u>	<u>Page</u>
I. Summary of Significant Accounting Policies	15
A. Reporting Entity	15
B. Government-Wide and Fund Financial Statements	16
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	18
D. Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position or Equity	20
1. Deposits and Investments	20
2. Receivables	21
3. Inventories and Prepaid Items	22
4. Restricted Assets	22
5. Capital Assets	22
6. Deferred Outflows / Inflows of Resources	23
7. Basis for Existing Rates – Proprietary Funds	24
8. Compensated Absences	24
9. Long-Term Obligations/Conduit Debt	25
10. Claims and Judgments	25
11. Equity Classifications	26
II. Reconciliation of Government-Wide and Fund Financial Statements	28
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	28
III. Stewardship, Compliance, and Accountability	29
A. Budgetary Information	29
B. Excess Expenditures Over Appropriations	30
C. Deficit Balances	30
D. Limitations on the Village's Tax Levy	31
E. Bond Covenant Disclosure – Water Utility, Sewer Utility, and Stormwater Utility	31
IV. Detailed Notes on All Funds	33
A. Deposits and Investments	33
B. Receivables	36
C. Restricted Assets	37
D. Capital Assets	38
E. Interfund Receivables/Payables, Advances and Transfers	41
F. Capital Lease Obligations	43
G. Long-Term Obligations	43
H. Governmental Activities Net Position/Fund Balances	49
I. Business-Type Activities Net Position	51
V. Other Information	52
A. Employees' Retirement System	52
B. Risk Management	53
C. Commitments and Contingencies	53
D. Litigation	53
E. Joint Ventures	54
F. Subsequent Events	56
G. Creation of Community Development Authority and Lease Commitments	56

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

---

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

#### **A. REPORTING ENTITY**

This report includes all of the funds of the Village of Weston. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate units, are, in substance, part of the government's operations. If the Village had any discretely presented component units, they would be reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The Village of Weston, Wisconsin, is a Village governed by an elected seven-member village board of trustees. As required by general accepted accounting principles (GAAP), these financial statements reflect all significant operations under the control of its Village Board.

The Village is a member of the Everest Metro Public Safety. This is a joint venture with the City of Schofield and the Town of Weston. See Note V. (E.) for more information on the joint venture. The Village is also a member of the South Area Fire & Emergency Response District. This is a joint venture with the Town of Rib Mountain. See Note V. (E.) for more information on the joint venture.

Included in the reporting entity:

#### ***Blended Component Unit - Weston Community Development Authority***

The sole purpose of the Weston Community Development Authority (CDA) is to issue community development lease revenue bonds, taxable bonds or double tax-exempt bonds depending on the nature of the borrowing issue purpose, on behalf of the Village of Weston and to enter into an agreement with the Village of Weston for the lease of the land in the Village's two tax incremental financing (TIF) districts between the Village and the CDA. The Village Board is responsible for appointing the seven board members of the Community Development Authority. The CDA does review project plans for the Village's TIF districts. The CDA will review these project plans in determining blight elimination, slum clearance, urban renewal, and other community development programs. At the present time, the CDA's oversight responsibility extends only to capital borrowing for redevelopment projects that are located within TIF Districts #1 and #2. The Village of Weston Planning Commission recommends all redevelopment projects occurring within the TIF districts to the Village Board, whereas the CDA is not involved in any redevelopment process. Finally, the Village Board sets and adopts the budget for the TIF districts. The Village is the only revenue source for the CDA, and the Village is able to exercise significant influence over the CDA. All activities of the CDA are reported in a special revenue fund and are part of the reporting entity of the Village of Weston, following the same fiscal year (calendar year) for reporting as the Village.

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

##### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

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

##### ***Fund Financial Statements***

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (cont.)

***Fund Financial Statements*** (cont.)

The Village reports the following major governmental funds:

General Fund – accounts for the Village’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt other than tax increment financing (TIF) or enterprise fund debt.

Special Revenue Fund – TIF District #1 – accounts for the receipts of district “incremental” property taxes and other revenues and corresponding program expenditures for TIF District #1.

Special Revenue Fund – Community Development Authority (CDA) – TIF District #1 – accounts for the receipts of CDA Lease Revenue Bond proceeds issued by the CDA on the behalf of the Village of Weston and the transfer of these proceeds to the TIF District #1 – Capital Projects Fund. Corresponding program expenditures and bond issuance costs are recorded in this fund.

The Village reports the following major enterprise funds:

Water Utility – accounts for operations of the water system.

Sewer Utility – accounts for operations of the sewer system.

Stormwater Utility – accounts for operations of the stormwater system.

The Village reports the following non-major governmental funds:

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

Refuse/Recycling

TIF District #2

Transportation Utility

Aquatic Center

Civic and Social

Room Taxes

Park and Recreation

Community Development Authority (CDA) – TIF District #2

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

TIF District #1

Streets Projects

Capital Equipment

In addition, the Village reports the following fund types:

Internal Service Funds – used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governmental units, on a cost-reimbursement basis. The Village’s internal service fund is:

Fringe Benefits/Insurances – used to account for the accumulation and allocation of premium and claims costs associated with the Village’s health insurance program, self-insured dental insurance program, worker wellness program, employee wellness program, life insurance program, income continuation insurance program, post health employment program, and workers compensation insurance program.

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

##### ***Government-Wide Financial Statements***

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

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

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

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

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source.

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

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

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION** (cont.)

##### ***Fund Financial Statements*** (cont.)

The Village reports deferred inflows on its governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. A liability arises when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the deferred inflows or liability is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The water utility and sewer utility record an annual payment in lieu of taxes (PILOT) expense based on the value of its plant and the current assessment ratio and local and school portion of the mill rate. Municipal utilities are exempt from federal and state income taxes. Taxes include the employer's share of Social Security and Medicare, and PSC remainder assessment.

The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and stormwater funds are charges to customers for sales and services.

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### ***All Financial Statements***

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

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

##### **1. Deposits and Investments**

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

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

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

Additional restrictions may arise from local charters, ordinances, resolutions, and grant regulations. The Village believes it is in compliance with all restrictions.

The Village has implemented GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*". This standard establishes and modifies disclosure requirements related to deposit risks (custodial credit and foreign currency risks) and investment risks (custodial credit, credit, concentration of credit, interest rate, and foreign currency risks). The Village attempts to manage its deposit and investment risks as follows:

- a. Custodial credit risk – all securities will be held by a third-party custodian.
- b. Credit risk – purchases of securities in the lower end of allowed rating categories within the statutory provisions would be limited.
- c. Concentration of credit risk – diversification among issuers and types of investments to avoid over-concentration in specific issuers or sectors is a stated goal of the policy.
- d. Interest rate risk – Village policy is to not directly invest in securities with maturities of greater than five years unless matched to a specific cash flow and disclosed to the Finance Committee.
- e. Foreign currency risk – Village policy is to not hold deposits and investments denominated in foreign currencies because the potential risk of loss arising from changes in exchange rates can be significant.

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **1. Deposits and Investments (cont.)**

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2014, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV.(A.) for further information.

##### **2. Receivables**

###### *Property Taxes*

Property taxes are levied in November on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables, deferred inflows, and intergovernmental payables on the accompanying general fund balance sheet.

Property tax calendar – 2014 tax roll:

Lien date and levy date	November 2014
Tax bills mailed	December 8, 2014
Payment in full, or	January 31, 2015
- First installment due	January 31, 2015
- Second installment due to Marathon County	July 31, 2015
Personal property taxes due in full	January 31, 2015
Tax settlement with other governmental units:	
- First settlement	January 15, 2015
- Second settlement	February 20, 2015
- Final settlement	August 20, 2015
Tax deed sale by Marathon County:	
- 2014 delinquent real estate taxes	October 2017

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY** (cont.)

##### **2. Receivables** (cont.)

###### *Uncollectible Accounts*

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by Marathon County, which assumes the collection thereof. No provision for uncollectible utility accounts receivable has been made for the water utility, sewer utility, and stormwater utility because they have the right by law to place delinquent bills on the tax roll.

###### *Interfund Transactions*

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

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance classification as nonspendable, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

##### **3. Inventories and Prepaid Items**

Inventories of the proprietary funds are stated at the lower of cost or market utilizing the average cost method and charged to construction or expense when used. Governmental fund type inventories are recorded as expenditures when consumed rather than when purchased, based on original cost using the FIFO method of accounting.

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

##### **4. Restricted Assets**

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

##### **5. Capital Assets**

###### *Government-Wide Statements*

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

**5. Capital Assets** (cont.)

**Government-Wide Statements** (cont.)

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Wells and Springs	34½ Years
Land Improvements	20 Years
Machinery and Equipment	3-20 Years
Utility System	2-50 Years
Infrastructure	20-40 Years

**Fund Financial Statements**

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

**6. Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and proprietary fund statements on net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

**6. Deferred Outflows / Inflows of Resources** (cont.)

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one type of item, unavailable revenue, which qualifies for reporting in this category. The unavailable revenue is reported within the statement of net position and the governmental funds balance sheet. The unavailable revenue is from three sources: special assessments, municipal court fines, and letter of credit payments due from developers. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Additionally, the Village reports unearned revenue within its governmental funds balance sheet. The governmental funds report unearned revenue for revenues which are available and measurable, but not yet earned for grants received in advance of meeting time requirements. These amounts are recognized as an inflow of resources in the period that the amounts become earned.

Property taxes are reported as deferred inflows on the fund and government-wide financial statements. These amounts are recognized as an inflow of resources in the period in which they are budgeted for use.

**7. Basis for Existing Rates – Proprietary Funds**

*Water Utility*

Current water rates were approved by the Public Service Commission of Wisconsin on January 23, 2009, and placed into effect on March 18, 2009.

*Sewer Utility*

Current sanitary sewer/wastewater rates were approved by the Village Board on December 15, 2003.

*Stormwater Utility*

Current stormwater rates were approved by the Village Board on March 15, 2004.

**8. Compensated Absences**

Under terms of employment, employees earn paid time off (PTO) in varying amounts. Only benefits considered to be vested are disclosed in these statements.

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

Payments for PTO will be made at rates in effect when the benefits are used. Accumulated PTO liabilities at December 31, 2014 are determined on the basis of current salary rates and include salary related payments.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

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

**9. Long-Term Obligations/Conduit Debt**

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

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

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

The Village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no IRB's outstanding at year end.

**10. Claims and Judgments**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that mature or become due are recorded during the year as expenditures in the governmental funds. If they have not matured, no liability is recognized in the governmental fund statements. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

**11. Equity Classifications**

**Government-Wide Statements**

Government-wide and proprietary fund net position is divided into three components:

- a. The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability or deferred inflow relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or deferred inflows or if the liability will be liquidated with the restricted assets reported.
- c. The *unrestricted* component of net position is the amount of the assets and deferred outflows, net of the liabilities and deferred inflows that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$16,569,901	\$47,985,348	\$(9,495,072)	\$55,060,177
Unrestricted	(7,826,625)	10,504,473	9,495,072	12,172,920

**Fund Financial Statements**

Beginning with the year ended December 31, 2011, the Village implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance classifications to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid items) or are legally or contractually required to be maintained intact.
- b. Restricted fund balance – amounts that are constrained for specific purposes by external parties (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

---

#### **D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS / INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (cont.)**

##### **11. Equity Classifications (cont.)**

###### ***Fund Financial Statements (cont.)***

- c. Committed fund balance – amounts that are constrained for specific purposes by a formal action (resolution) of the Village Board, using its highest level of decision-making authority. These committed funds cannot be used for any other purpose unless the Village Board takes the same highest level of action to remove or change the constraint.
- d. Assigned fund balance – amounts that a government intends to use for a specific purpose. The intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The governing body has delegated the authority to assign fund balance to management of the Village.
- e. Unassigned fund balance – amounts that are available for any purpose. These amounts are reported only in the general fund and have not been classified within the other above mentioned classifications.

The Village has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. This spend-down policy follows GASB Statement No. 54 which indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

The Village has also adopted a formal financial policy regarding the fund balance in the general fund. The policy calls for an unassigned general fund balance equivalent of between two months to four months (16.67% - 33.33%) of the ensuing year's budgeted general fund expenditures.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

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

---

**A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND  
BALANCE SHEET AND THE STATEMENT OF NET POSITION**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds”. The detail of this \$44,614,970 difference in liabilities is as follows:

General obligation bonds and notes payable	\$11,868,474
Revenue bonds payable	30,539,000
Lease payable	389,533
Compensated absences	121,467
Advances from developers on TIF District letters of credit	1,431,231
Accrued interest	464,870
Unamortized debt discounts and premiums	<u>(199,605)</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Position – Governmental Activities	<u>\$44,614,970</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

---

**A. BUDGETARY INFORMATION**

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

A budget has been adopted for the general fund, all special revenue funds, debt service fund, all capital project funds, all enterprise funds, and the internal service fund. Comparative schedules have been presented in supplementary information for all funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made.

The Village follows these procedures in establishing the budget versus actual budgetary data reflected in the financial statements:

- a. The Village Administrator submits to the Village Board a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Weston Municipal Center to obtain taxpayer comments.
- c. Prior to December 31, the budget is legally adopted through passage of a village resolution.
- d. The budget as adopted includes total expenditures at the cost center level. A cost center can be a fund, major program, department, or other activity for which control of expenditures is considered desirable. Cost centers are defined as follows for the governmental fund types with annual budgets: General Fund at the department level, Special Revenue and Capital Projects Funds at the major program level, and Debt Service Fund at total fund level. Expenditures cannot legally exceed appropriations at this level without two-thirds Village Board approval to amend the budget. Supplemental appropriations during the year included a net increase of \$502,306 in the capital equipment fund. The Village Board properly authorized all supplemental appropriations for budget year 2014. Transfers of appropriations between cost center levels also require the approval of the Village Board.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Enterprise Funds, and the Internal Service Fund.

A comparison of Actual and Budget is included in the accompanying financial statements for all governmental fund types with a legally adopted annual budget. The budget presentations are at the cost center level (legal level of control for the annual budget).

- f. All budgets adopted conform to generally accepted accounting principles (GAAP), including the Enterprise Funds. Budget amounts are as originally adopted or as amended via the procedures explained above. Individual amendments were legally authorized as described.
- g. Budgets for all non-committed governmental funds lapse at year-end.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

**B. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The following cost centers in the general fund and in the other individual funds had an excess of expenditures over appropriations at the legal level of budgetary control for the year ended December 31, 2014.

	<u>Excess Expenditures</u>
<b>General Fund</b>	
Village newsletter	\$ 2,612
Clerk's office	14,941
Village attorney	8,587
Finance/audit and budget	4,854
Capital outlay – general government	22,345
Police department	2
Fire department	36,717
Public safety building maintenance	316
Public safety warning sirens	510
Public works department	85,858
County humane animal shelter	19
Community development department	14,165
<b>Debt Service Fund</b>	<b>36,876</b>
<b>Special Revenue Funds</b>	
Community Development Authority (CDA)/TIF District #1	194
Community Development Authority (CDA)/TIF District #2	188
Room taxes	75,914
Park and recreation	2,036
<b>Capital Projects Funds</b>	
Capital equipment	22,076

The excess amounts that occurred in the General Fund were covered by the fund balance in that fund. The excess amount in the Capital Projects Fund – Capital Equipment was covered by a transfer from the General Fund. The excess amounts in Special Revenue Fund – Room Taxes, Special Revenue Fund – Park and Recreation, Special Revenue Fund – CDA/TIF District #1, and Special Revenue Fund – CDA/TIF District #2 were covered by fund balance.

**C. DEFICIT BALANCES**

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

As of December 31, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Deficit Balance</u>	<u>Reason</u>
<b>Special Revenue Funds</b>		
TIF District #1	\$2,167,408	Costs exceed tax increments collected
TIF District #2	7,387	Costs exceed tax increments collected

The deficits in the Special Revenue Funds – TIF District #1 and TIF District #2 are expected to be funded with future tax increment revenues.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)**

**D. LIMITATIONS ON THE VILLAGE'S TAX LEVY**

As part of Wisconsin Act 32 (2011), legislation was passed that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the percentage change in the Village's equalized value due to net new construction for the 2014 levy collected in 2015 and thereafter. Debt service for debt authorized after July 1, 2005, is exempt from the levy limit. In addition, Wisconsin statutes allow the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005, and in certain other situations.

**E. BOND COVENANT DISCLOSURE – WATER UTILITY, SEWER UTILITY, AND STORMWATER UTILITY**

**Bond Covenant Disclosures**

The following information is provided in compliance with the resolution creating the 2006, 2007, and 2008 revenue bonds.

**Insurance**

The water, sewer and stormwater utilities are covered under the following insurance policies at December 31, 2014 (unaudited):

<u>Type</u>	<u>Coverage</u>	<u>Expiration Date</u>
<i>Local Government Property Insurance Fund</i>		
Property	\$30,222,597	12/31/2014
Contractors Equipment	3,035,858	12/31/2014
<i>League of Wisconsin Municipalities Mutual Insurance</i>		
General Liability	\$4,000,000	12/31/2014
Automobile	4,000,000	12/31/2014

Refer to Note V.(B.) for additional insurance information.

**Debt Coverage**

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times (or 1.20 times for the stormwater utility) the highest annual debt service of the bonds. The coverage requirement was met as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Stormwater Utility</u>
Operating revenues	\$2,070,320	\$1,832,117	\$ 601,189
Investment earnings	215,978	342,287	57,407
Less: Operations and maintenance expenses	<u>(997,057)</u>	<u>(1,017,607)</u>	<u>(58,052)</u>
Net Defined Earnings	<u>\$1,289,241</u>	<u>\$1,156,797</u>	<u>\$ 600,544</u>
Minimum Required Earnings per Resolution:			
Highest annual debt service	\$ 250,702	\$ 561,560	\$ 264,165
Coverage factor	<u>1.25</u>	<u>1.25</u>	<u>1.20</u>
Minimum Required Earnings	<u>\$ 313,378</u>	<u>\$ 701,950</u>	<u>\$ 316,998</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

E. **BOND COVENANT DISCLOSURE – WATER UTILITY, SEWER UTILITY, AND STORMWATER UTILITY** (cont.)

**Number of Customers**

The utilities had the following number of customers and billed volumes for 2014 (unaudited).

	<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Stormwater Utility</u>	
	<u>Customers</u>	<u>Sales (000 gals)</u>	<u>Customers</u>	<u>Sales (000 gals)</u>	<u>Customers</u>	<u>ERUs</u>
Residential	4,577	209,538	4,563	187,193	4,566	4,301
Commercial	576	188,335	568	163,724	500	7,198
Industrial	4	244,274	4	20,109	1	126
Public Authority	39	17,421	23	7,989	24	759
Miscellaneous Other	-	-	-	-	13	158
Totals	<u>5,196</u>	<u>659,568</u>	<u>5,158</u>	<u>379,015</u>	<u>5,104</u>	<u>12,542</u>

**Utility Budget**

The 2014 water, sewer, and stormwater utility budgets were prepared and approved as required by the bond resolutions. The budget information is as follows:

	<u>Revenues/Sources</u>		<u>Expenses/Uses</u>	
	<u>Actual *</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Water Utility	\$2,302,472	\$ 2,255,975	\$ 2,095,949	\$ 2,344,977
Sewer Utility	2,174,404	1,856,150	1,835,186	1,866,234
Stormwater Utility	658,596	606,117	586,699	594,990

\* Excluding capital contribution revenue sources in the Sewer Utility of \$42,485.

## VILLAGE OF WESTON

### NOTES TO FINANCIAL STATEMENTS December 31, 2014

#### NOTE IV – DETAILED NOTES ON ALL FUNDS

##### A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 10,183,513	\$ 9,730,854	Custodial credit
Certificates of deposits	4,416,688	4,416,688	Custodial credit
Petty cash	9,400	-	N/A
Total cash	<u>14,609,601</u>	<u>\$14,147,542</u>	
Wisconsin Local Government Investment Pool (LGIP)	2,015		Credit, Interest rate
Municipal securities	564,670		Credit, Custodial credit, Interest rate, Concentration of credit
Negotiable certificates of deposits	1,156,665		Credit, Custodial credit, Interest rate, Concentration of credit
U.S. Government treasury securities	497,610		Custodial credit, Interest rate
U.S. Government agency securities	10,505,092		Credit, Custodial credit, Interest rate, Concentration of credit
Total investments	<u>12,726,052</u>		
Total cash and investments	<u>\$27,335,653</u>		
Reconciliation to financial statements:			
Per statement of net position			
Unrestricted cash and investments	\$20,275,816		
Restricted cash and investments	7,059,837		
Total cash and investments	<u>\$27,335,653</u>		

Deposits in each local and area bank are insured by the FDIC (Federal Deposit Insurance Corporation), while credit unions are insured by the NCUA (National Credit Union Association), in the amount of \$250,000 for all demand accounts and \$250,000 for time and savings accounts for banks that have opted in.

Bank and credit union accounts and the LGIP are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of \$400,000 for each financial institution. However, although the fund had reserves available at December 31, 2014, the future availability of resources to cover any losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provide that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and with other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered for custodial risk determination.

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

#### A. DEPOSITS AND INVESTMENTS (cont.)

Some financial institutions acting as a depository for the Village are required to pledge collateral to secure all Village funds over and above amounts covered by the FDIC and the State Deposit Guarantee Fund. All securities serving as collateral are specifically pledged to the Village and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The type of collateral used must be satisfactory to the Village. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution. Collateral for Village deposits is maintained at a level representing the assumed highest daily balance maintained by the Village. Fluctuating cash flows during the year due to tax collections, receipt of state aids, and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year-end.

The investments in the Local Government Investment Pool (the Pool) are covered up to \$400,000 by the State Guarantee Fund. Certificates of deposit held in the Pool are covered by FDIC insurance, which applies to the proportionate public unit share of accounts.

**Custodial Credit Risk - Deposits:** For deposits, custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. The Village does have a deposit policy for custodial credit risk. This policy details eligibility for authorization to include banks or savings and loans that are a member of the FDIC or credit unions that are insured by the NCUA, and qualify as a depository of public funds in the State of Wisconsin. Broker/dealers who desire to become qualified for investment transactions must have a minimum capital requirement of \$10,000,000 and be in operation for at least the last five years. The broker/dealers must also qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule) to be a primary or regional dealer and provide proof of National Association of Securities Dealers ("NASD") certification.

As of December 31, 2014, \$10,258,025 of the Village's bank balances of \$14,147,542 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized demand deposits	\$ 8,059,319
Uninsured and uncollateralized certificates of deposit	2,198,706
	<u>\$ 10,258,025</u>

**Custodial Credit Risk - Investments:** For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does have a deposit policy for custodial credit risk as is outlined above.

As of December 31, 2014, the Village does not have any investments exposed to custodial credit risk.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Village does not have a formal credit risk policy, but follows state statutes.

As indicated in Note I. (D.1.), Wisconsin statutes require municipalities to invest in securities which have a rating that is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency or if that security is senior to, or on a party with, a security of the same issuer which has such a rating. As of December 31, 2014, the Village's investments were rated as follows:

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The Village's investments in U.S. Government agency securities issued by the Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation are either rated Aaa by Moody's Investors Service or considered "Agency" obligations of the U.S. Government. The State of Wisconsin Transportation Revenue Bonds (Taxable Build America Bonds-Direct Payment) are rated Aa2 by Moody's Investors Service and AA+ by Standard & Poor's. As of December 31, 2014, the Village also had investments in one U.S. Government treasury securities fund that was rated AAA and/or Aaa by Standard & Poor's, Moody's Investors Service, or Fitch Ratings. The Village also had investments in the following external pools that are not rated:

Investment Type
Wisconsin Local Government Investment Pool (LGIP)

**Concentration of Credit Risk:** Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village does not have a formal concentration of credit risk policy, but attempts to minimize their concentration of credit risk with their investment policy. The Village's investment policy requires them to pre-qualify the financial institutions they work with and to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

At December 31, 2014, the investment portfolio had concentrations of investments greater than 5% of the total portfolio as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal Farm Credit Bank	U.S. Government agency notes and mortgage-backed securities	21.19%
Federal Home Loan Bank	U.S. Government agency notes and mortgage-backed securities	20.59%
Federal Home Loan Mortgage Corp.	U.S. Government agency notes and mortgage-backed securities	40.76%

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village does not have a formal policy related to interest rate risk. The Village's investment policy details that the investment and cash management portfolio be designed to attain a fair value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements.

As of December 31, 2014, the Village's investments were comprised of two portfolios, one managed internally and one managed via external investment advisors, as follows:

Investment Type	Fair Value	Weighted Average Maturity (days)	Weighted Average Maturity (years)
Internally managed portfolio:			
Wisconsin Local Government Investment Pool (LGIP)	\$ 2,015	82	
U.S. Government agency notes	10,505,092		11.65
Negotiable certificates of deposit	1,156,665		4.06
Municipal securities	564,670		10.51
Externally managed portfolios:			
U.S. Government treasury securities	497,610	41	
Total fair value	<u>\$12,726,052</u>		

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

To reduce the risk of loss due to interest rate changes, the Village's investment policy requires investing in securities with varying maturities. To the extent possible, the Village attempts to match the maturity of investments with anticipated cash flow requirements.

**Foreign Currency Risk:** Foreign currency risk is the risk of loss arising from changes in exchange rates that result from holding deposits and investments denominated in foreign currencies. The Village does not have a formal foreign currency policy.

At December 31, 2014, the Village's portfolio did not comprise of any deposits or investments denominated in foreign currencies.

B. RECEIVABLES

All receivable balances are expected to be collected within one year, except for special assessments.

Revenues of the Village are reported net of an allowance for uncollectible amounts. There was no allowance for uncollectible amounts in 2014.

Governmental funds report *deferred inflows* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period as well as with property taxes received or reported as a receivable before the period for which the property taxes are levied. Governmental funds also report *unearned revenue* in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred inflows* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Tax Levy and Unearned</u>	<u>Totals</u>
Property taxes receivable	\$ -	\$10,441,509	\$ 10,441,509
Unearned revenue	-	12,868	12,868
Special assessments	636,715	-	636,715
Receivables not received within 60 days of year-end	132,743	-	132,743
Total deferred inflows / unearned revenue	<u>\$ 769,458</u>	<u>\$10,454,377</u>	<u>\$11,223,835</u>

On the statement of net position \$39,386 of unearned revenue is reported from the internal service funds. Property taxes are reported as deferred inflows in the government-wide statements.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

**C. RESTRICTED ASSETS**

The following represent the balances of the restricted assets:

**Long-Term Debt Accounts**

- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Construction - Used to segregate the balance of the bond proceeds not yet spent, which will be used to pay for the remainder of the construction projects.

The following calculation supports the amount of restricted net position:

	<u>Amount</u>
Restricted Assets	
Revenue bond reserve account	\$ 960,144
Revenue bond redemption account	863,785
Revenue bond construction account	<u>512,435</u>
Total Restricted Assets	<u>2,336,364</u>
Less: Restricted Assets Not Funded by Revenues	
Revenue bond reserve account	(960,144)
Revenue bond construction account	<u>(512,435)</u>
Total Restricted Assets Not Funded by Revenues	<u>(1,472,579)</u>
Current Liabilities Payable From Restricted Assets	<u>(86,585)</u>
Total Restricted Net Position as Calculated	<u>\$ 777,200</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 4,441,284	\$ 45,000	\$ (130,180)	\$ 4,356,104
Right-of-ways	659,475	-	-	659,475
Construction in progress	45,004	2,027	-	47,031
Total Capital Assets Not Being Depreciated	5,145,763	47,027	(130,180)	5,062,610
Capital Assets Being Depreciated:				
Land improvements	5,927,274	-	-	5,927,274
Buildings	6,910,471	-	-	6,910,471
Equipment, furniture, and fixtures	5,921,859	528,871	(2,806,000)	3,644,730
Road/streets, Curb/gutters, and Driveway approaches	72,059,569	-	-	72,059,569
Bridges	2,512,132	-	-	2,512,132
Street lighting	1,536,352	-	-	1,536,352
Traffic signals	1,053,510	-	-	1,053,510
Sidewalks	3,465,027	-	-	3,465,027
Total Capital Assets Being Depreciated	99,386,194	528,871	(2,806,000)	97,109,065
Less Accumulated Depreciation for:				
Land improvements	2,503,070	292,013	-	2,795,083
Buildings	2,674,688	153,412	-	2,828,100
Equipment, furniture, and fixtures	4,179,779	151,412	(1,831,353)	2,499,838
Road/streets, Curb/gutters, and Driveway approaches	38,587,330	2,874,012	-	41,461,342
Bridges	216,516	62,804	-	279,320
Street lighting	661,255	75,374	-	736,629
Traffic signals	558,002	40,395	-	598,397
Sidewalks	1,550,383	173,809	-	1,724,192
Total Accumulated Depreciation	50,931,023	3,823,231	(1,831,353)	52,922,901
Capital Assets, Net of Depreciation	\$ 53,600,934	\$ (3,247,333)	\$ (1,104,827)	\$ 49,248,774

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 34,095
Public safety	74,849
Public works, which includes the depreciation of infrastructure	3,577,459
Parks, recreation, and education	136,828
Total Governmental Activities Depreciation Expense	\$ 3,823,231

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Water Utility</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 568,259	\$ -	\$ -	\$ 568,259
Intangible plant - organizational costs	319	-	-	319
Construction in progress	103,692	-	-	103,692
Total Capital Assets Not Being Depreciated	672,270	-	-	672,270
Capital Assets Being Depreciated:				
Wells and springs	597,507	-	-	597,507
Buildings and systems	1,028,656	-	-	1,028,656
Improvements other than buildings	24,467,898	277,731	(1,748)	24,743,881
Machinery and equipment	1,996,794	3,477	(470)	1,999,801
Total Capital Assets Being Depreciated	28,090,855	281,208	(2,218)	28,369,845
Less Accumulated Depreciation for:				
Wells and springs	185,280	17,328	-	202,608
Buildings and systems	348,714	32,854	-	381,568
Improvements other than buildings	5,479,553	442,516	(1,748)	5,920,321
Machinery and equipment	911,073	88,042	(470)	998,645
Total Accumulated Depreciation	6,924,620	580,740	(2,218)	7,503,142
Capital Assets, Net of Depreciation	<u>\$ 21,838,505</u>	<u>\$ (299,532)</u>	<u>\$ -</u>	<u>\$ 21,538,973</u>
<b>Sewer Utility</b>				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 10,994	\$ -	\$ -	\$ 10,994
Capital Assets Being Depreciated:				
Buildings and systems	1,551,199	-	-	1,551,199
Improvements other than buildings	28,778,168	-	-	28,778,168
Machinery and equipment	662,416	14,772	(10,609)	666,579
Total Capital Assets Being Depreciated	30,991,783	14,772	(10,609)	30,995,946
Less Accumulated Depreciation for:				
Buildings and systems	293,779	30,863	-	324,642
Improvements other than buildings	9,355,812	578,281	-	9,934,093
Machinery and equipment	358,579	45,237	(10,609)	393,207
Total Accumulated Depreciation	10,008,170	654,381	(10,609)	10,651,942
Capital Assets, Net of Depreciation	<u>\$ 20,994,607</u>	<u>\$ (639,609)</u>	<u>\$ -</u>	<u>\$ 20,354,998</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Stormwater Utility</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 54,774	\$ -	\$ -	\$ 54,774
Capital Assets Being Depreciated:				
Improvements other than buildings	17,128,458	-	-	17,128,458
Machinery and equipment	153,834	-	-	153,834
Total Capital Assets Being Depreciated	17,282,292	-	-	17,282,292
Less Accumulated Depreciation for:				
Improvements other than buildings	4,346,396	350,954	-	4,697,350
Machinery and equipment	126,918	14,920	-	141,838
Total Accumulated Depreciation	4,473,314	365,874	-	4,839,188
Capital Assets, Net of Depreciation	<u>\$12,863,752</u>	<u>\$ (365,874)</u>	<u>\$ -</u>	<u>\$ 12,497,878</u>
Total Business-Type Activities	<u>\$55,696,864</u>	<u>\$(1,305,015)</u>	<u>\$ -</u>	<u>\$ 54,391,849</u>

Depreciation expense was charged to functions as follows:

**Business-Type Activities**

Water	\$ 557,601
Sewer	677,520
Stormwater	<u>365,874</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,600,995</u>

The difference between the depreciation expense reported for water on the income statement (\$557,601) and what is reported in the footnote (\$580,740) is related to the depreciation expense allocated to sewer from water on the water meters. The difference between the depreciation expense reported for sewer on the income statement (\$677,520) and what is reported in the footnote (\$654,381) is related to the depreciation expense allocated from water to sewer on the water meters.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS**

***Interfund Receivables/Payables***

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special revenue – CDA/TIF District #1	\$ 172,705
General	Special revenue – CDA/TIF District #2	14,574
General	Special revenue – TIF District #1	451,590
General	Enterprise – sewer utility	6,733
General	Enterprise – water utility	<u>463,667</u>
Sub-Total - Fund Financial Statements		1,109,269
Less: Elimination to government-wide statements		<u>(638,869)</u>
Total Fund Financial Statements		<u>\$ 470,400</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 470,400
Total Government-Wide Financial Statements		<u>\$ 470,400</u>

All of these amounts are due within one year.

The principal purpose of these interfunds is the payment in lieu of taxes ("PILOT") due from the water utility to the general fund (\$463,667) and due from the sewer utility to the general fund (\$6,733), and tax roll collections that were not distributed before year-end. The amounts due from the special revenue funds – TIF District #1 fund (\$451,590), CDA/TIF District #1 fund (\$172,705), and CDA/TIF District #2 fund (\$14,574) to the general fund resulted from expenditures exceeding revenues. Future fees and taxes will be used in 2015 to reimburse the general fund.

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

***Advances***

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Sewer utility	Stormwater utility	\$ 257,862	<u>\$ 257,862</u>
Less: Elimination to government-wide statements		<u>(257,862)</u>	
Total Statement of Net Position		<u>\$ -</u>	

The principal purpose of the interfund is due to expenditures exceeding revenues.

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)**

*Transfers*

The following is a schedule of interfund transfers:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Principal Purpose</u>
<b>General Fund</b>	Transportation utility	\$ 4,787	Operating subsidy
	Water utility	463,667	Payment in lieu of taxes
	Sewer utility	<u>6,733</u>	Payment in lieu of taxes
	Subtotal	<u>475,187</u>	
<b>Debt Service</b>	Capital Equipment	41,678	Debt service
	TIF District #1	661,162	Debt service
	TIF District #2	45,363	Debt service
	CDA/TIF District #1	4,210,102	Debt service
	CDA/TIF District #2	<u>247,717</u>	Debt service
	Subtotal	<u>5,206,022</u>	
<b>Special Revenue – TIF District #1</b>	CDA/TIF District #1	<u>341,291</u>	Operating subsidy
<b>Non-major Special Revenue</b>	CDA/TIF District #2	26,867	Operating subsidy
	General fund	36,191	Operating subsidy
<b>Non-major Capital Projects</b>	General fund	177,454	Capital Equipment
	Street projects	<u>70,000</u>	Capital Equipment
	Subtotal	<u>310,512</u>	
	Sub-Total – Fund Financial Statements	6,333,012	
	Less: Elimination to government-wide statements	<u>(5,862,612)</u>	
	Total	<u>\$ 470,400</u>	
<u>Transferred From</u>	<u>Transferred To</u>	<u>Amount</u>	
Business-type activities	Government activities	\$ 470,400	
Less: Government activities	Business-type activities	<u>-</u>	
Total Government-Wide Financial Statements		<u>\$ 470,400</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

**F. CAPITAL LEASE OBLIGATIONS**

The government has entered into lease agreements as lessee for financing the acquisition of public works equipment valued at \$431,211. The equipment has a ten-year estimated useful life. In 2014, \$21,700 was included in depreciation expense. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

<u>Year</u>	<u>Governmental Activities</u>
2015	\$ 122,437
2016	122,437
2017	122,437
2018	<u>41,678</u>
Total minimum lease payments	408,989
Less: amount representing interest	<u>(19,456)</u>
Present value of minimum lease payments	<u>\$ 389,533</u>

**G. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance Restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>GOVERNMENTAL ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 14,148,038	\$ -	\$ 2,279,564	\$ 11,868,474	\$ 2,305,110
Revenue bonds	33,579,000	-	3,040,000	30,539,000	3,779,000
Add (Subtract) Deferred Amount for:					
Discounts	(237,540)	-	(36,902)	(200,638)	(36,072)
Premiums	2,393	-	1,360	1,033	831
Sub-Total	<u>47,491,891</u>	<u>-</u>	<u>5,284,022</u>	<u>42,207,869</u>	<u>6,048,869</u>
Other Liabilities:					
Vested compensated absences	-	195,239	73,772	121,467	-
Capital leases	-	431,211	41,678	389,533	122,437
Accumulated unpaid sick leave	58,419	-	58,419	-	-
Advances from developers on TIF District letters of credit	1,431,231	-	-	1,431,231	-
Total Other Liabilities	<u>1,489,650</u>	<u>626,450</u>	<u>173,869</u>	<u>1,942,231</u>	<u>122,437</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 48,981,541</u>	<u>\$ 626,450</u>	<u>\$ 5,457,891</u>	<u>\$ 44,150,100</u>	<u>\$ 6,171,306</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Bonds and Notes Payable:					
General obligation debt	\$ 1,453,516	\$ -	\$ 431,904	\$ 1,021,612	\$ 443,006
Revenue bonds	7,691,000	-	635,000	7,056,000	656,000
Add (Subtract) Deferred Amount for:					
Discounts	(58,880)	-	(5,660)	(53,220)	(5,660)
Sub-Total	<u>9,085,636</u>	<u>-</u>	<u>1,061,244</u>	<u>8,024,392</u>	<u>1,093,346</u>
Other Liabilities:					
Vested compensated absences	-	45,669	21,835	23,834	-
Accumulated unpaid sick leave	15,012	-	15,012	-	-
Total Other Liabilities	<u>15,012</u>	<u>45,669</u>	<u>36,847</u>	<u>23,834</u>	<u>-</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$ 9,100,648</u>	<u>\$ 45,669</u>	<u>\$ 1,098,091</u>	<u>\$ 8,048,226</u>	<u>\$ 1,093,346</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

---

**G. LONG-TERM OBLIGATIONS** (cont.)

For the governmental activities, accumulated PTO pay is generally liquidated by the general fund. The advances from developers on TIF District letters of credit will be liquidated by the tax increments received in future years that are recorded in the TIF District #1 – Special Revenue Fund.

***General Obligation Debt***

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

Advances from developers on TIF District letters of credit represent shortfall payments made for the difference between the debt service payments required of a developer's project area and the annual property taxes received from the specific development area. Until the tax increment valuation of new growth in the development area is sufficient to cover the debt service payments for the project, the letter of credit from the developer's bank will be drawn upon to make this shortfall payment. Tax increments received in excess of the required debt service payments will be returned to developers in future years.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2014, was \$50,049,145. Total general obligation debt outstanding at year-end was \$12,890,086.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebted- ness	Balance 12/31/14
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Debt					
General Obligation Promissory					
Notes, Series 2013A	9/26/2013	9/26/2023	2.43%	\$ 870,000	\$ 783,000
Taxable General Obligation Promissory					
Notes, Series 2013B	9/24/2013	9/24/2021	3.99%	845,000	739,375
Taxable General Obligation Promissory					
Notes, Series 2010B	12/21/2010	12/1/2020	1.15 – 4.35%	5,400,000	5,065,000
General Obligation Refunding					
Bonds, Series 2010	11/23/2010	10/1/2017	0.60 – 2.10%	1,750,000	810,000
State Trust Fund Loan,					
Series 2009	8/21/2009	3/15/2019	4.50%	2,163,431	1,177,802
General Obligation Promissory					
Notes, Series 2008	8/11/2008	4/1/2018	3.00 – 4.00%	1,830,000	1,340,000
General Obligation Promissory					
Notes, Series 2007	9/6/2007	10/1/2017	3.80 – 4.125%	2,142,700	920,000
General Obligation Refunding					
Bonds, Series 2006C	1/1/2006	10/1/2015	3.75 – 4.00%	2,475,000	160,000
General Obligation Promissory					
Notes, Series 2006A	1/1/2006	4/1/2015	3.50 – 4.00%	905,000	230,000
General Obligation Promissory					
Notes, Series 2005 (Everest Metro)	4/22/2005	4/22/2015	3.95%	211,200	21,120
General Obligation Promissory					
Notes, Series 2005	4/15/2005	4/1/2015	3.00 – 4.20%	696,000	117,500
General Obligation Corporate					
Purpose Bonds, Series 2003A	6/15/2003	10/1/2018	2.00 – 3.625%	1,566,451	504,677
Total Governmental Activities – General Obligation Debt					<u>\$ 11,868,474</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Indebtedness	Balance 12/31/14
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Debt					
General Obligation Refunding					
Bonds, Series 2010	11/23/2010	10/1/2017	0.60 – 2.10%	\$ 660,000	\$ 300,000
State Trust Fund Loan, Series 2009	8/21/2009	3/15/2019	4.50%	336,569	183,233
General Obligation Promissory					
Notes, Series 2007	9/6/2007	10/1/2017	3.80 – 4.125%	282,300	110,000
General Obligation Promissory					
Notes, Series 2006A	1/1/2006	4/1/2015	3.50 – 4.00%	70,000	35,000
State Trust Fund Loan, Series 2006	1/5/2006	3/15/2015	4.25%	275,399	36,217
State Trust Fund Loan, Series 2005	10/17/2005	3/15/2015	4.25%	824,601	109,339
General Obligation Promissory					
Notes, Series 2005	4/15/2005	4/1/2015	3.00 – 4.20%	264,000	7,500
General Obligation Corporate					
Purpose Bonds, Series 2003A	6/15/2003	10/1/2018	2.00 – 3.625%	293,549	240,323
Total Business-Type Activities – General Obligation Debt					<u>\$ 1,021,612</u>

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt			Business-Type Activities General Obligation Debt		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 2,305,110	\$ 416,729	\$ 2,721,839	\$ 443,006	\$ 32,621	\$ 475,627
2016	2,132,448	345,096	2,477,544	265,051	18,690	283,741
2017	2,128,461	273,492	2,401,953	170,869	11,150	182,019
2018	1,828,816	202,397	2,031,213	102,741	5,840	108,581
2019	1,274,389	139,255	1,413,644	39,945	1,797	41,742
2020-2023	2,199,250	105,464	2,304,714	-	-	-
Totals	<u>\$ 11,868,474</u>	<u>\$ 1,482,433</u>	<u>\$ 13,350,907</u>	<u>\$ 1,021,612</u>	<u>\$ 70,098</u>	<u>\$ 1,091,710</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Revenue bonds for the water, sewer, and stormwater utilities are payable only from revenues derived from the operation of the water utility, sewer utility, or stormwater utility. Revenue bonds for the Weston Community Development Authority are payable from revenues derived from tax increment payments received from TIF District #1 and TIF District #2.

Revenue debt payable at December 31, 2014 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Indebtedness	Balance 12/31/14
<b>GOVERNMENTAL ACTIVITIES</b>					
Revenue Debt					
Sanitary Sewerage System					
Revenue Bonds, Series 2008	6/23/2008	3/1/2021	3.25 – 4.10%	\$ 425,000	\$ 135,000
Community Development Authority					
Lease Revenue Bonds, Series 2007B	9/6/2007	10/1/2017	5.70 – 6.10%	1,325,000	720,000
Lease Revenue Bonds, Series 2007A	9/6/2007	10/1/2025	4.25 – 4.625%	2,435,000	2,435,000
Water System Revenue Bonds, Series 2006B					
	1/1/2006	3/1/2025	3.50 – 4.20%	134,000	29,000
Community Development Authority					
Lease Revenue Bonds, Series 2005C	4/15/2005	10/1/2020	2.80 – 4.65%	920,000	455,000
Community Development Authority					
Lease Revenue Bonds, Series 2005A	4/15/2005	10/1/2021	3.55 – 4.879%	7,905,000	5,425,000
Community Development Authority					
Lease Revenue Bonds, Series 2004B	8/9/2004	10/1/2025	3.00 – 4.75%	1,815,000	1,340,000
Community Development Authority					
Lease Revenue Bonds, Series 2004A	8/9/2004	10/1/2021	3.00 – 5.25%	14,315,000	12,815,000
Community Development Authority					
Lease Revenue Bonds, Series 2003A	5/22/2003	10/1/2019	3.20 – 4.45%	6,440,000	3,560,000
Community Development Authority					
Lease Revenue Bonds, Series 2002	12/20/2002	10/1/2018	1.40 – 4.75%	8,065,000	3,625,000
Total Governmental Activities – Revenue Debt					<u>\$ 30,539,000</u>

	Date of Issue	Final Maturity	Interest Rates	Indebtedness	Balance 12/31/14
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue Debt					
Sanitary Sewerage System					
Revenue Bonds, Series 2008	6/23/2008	3/1/2021	3.25 – 4.10%	\$4,525,000	\$ 2,755,000
Stormwater Revenue Bonds, Series 2007					
	12/28/2007	10/1/2027	4.00 – 4.375%	3,440,000	2,545,000
Water System Revenue Bonds, Series 2006B					
	1/1/2006	3/1/2025	3.50 – 4.20%	2,506,000	1,756,000
Total Business-Type Activities – Revenue Debt					<u>\$ 7,056,000</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Revenue Debt			Business-Type Activities Revenue Debt		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 3,779,000	\$ 1,395,730	\$ 5,174,730	\$ 656,000	\$ 277,040	\$ 933,040
2016	4,090,000	1,233,096	5,323,096	730,000	250,438	980,438
2017	4,335,000	1,053,903	5,388,903	830,000	220,254	1,050,254
2018	4,495,000	861,147	5,356,147	875,000	186,496	1,061,496
2019	4,270,000	660,735	4,930,735	705,000	154,678	859,678
2020-2024	9,065,000	955,396	10,020,396	2,445,000	399,829	2,844,829
2025-2027	505,000	23,544	528,544	815,000	64,704	879,704
Totals	<u>\$ 30,539,000</u>	<u>\$ 6,183,551</u>	<u>\$ 36,722,551</u>	<u>\$ 7,056,000</u>	<u>\$ 1,553,439</u>	<u>\$ 8,609,439</u>

**Other Debt Information**

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

A statutory mortgage lien upon the Village's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The Village's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

**VILLAGE OF WESTON**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**H. GOVERNMENTAL ACTIVITIES NET POSITION / FUND BALANCES**

***Governmental Activities Net Position***

Governmental activities net position reported on the government-wide statement of net position at December 31, 2014 includes the following:

Net Investment in Capital Assets:	
Land	\$ 4,356,104
Right-of-ways	659,475
Construction in progress	47,031
Other capital assets, net of accumulated depreciation	44,186,164
Less: related long-term debt outstanding, discount and premium, and loss net of debt used for utility asset contributions (\$9,495,072)	(\$32,678,873)
Add: unspent debt proceeds	-
Total Net Investment in Capital Assets	<u>16,569,901</u>
Restricted:	
Community Development Authority – TIF District #1 (debt service reserve)	4,208,713
Community Development Authority – TIF District #2 (debt service reserve)	251,253
TIF District #1 – capital projects fund (debt service reserve)	116,284
Debt Service Fund reserve	65,510
Total Restricted	<u>4,641,760</u>
Unrestricted (deficit):	<u>(7,826,625)</u>
Total Governmental Activities Net Position – December 31, 2014	<u>\$13,385,036</u>

***Governmental Fund Balances***

Governmental fund balances reported on the fund financial statements at December 31, 2014, include the following:

**Major Funds – Details of Fund Balance:**

**Nonspendable:**

General Fund	
Prepaid items/inventories	<u>\$ 111,188</u>

**Restricted:**

Debt Service Fund	
Debt service	\$ 530,380
Special Revenue Fund – Community Development Authority – TIF District #1	
Debt service	<u>4,208,713</u>
Total Restricted	<u>\$4,739,093</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. GOVERNMENTAL ACTIVITIES NET POSITION / FUND BALANCES (cont.)

Governmental Fund Balances (cont.)

Major Funds – Details of Fund Balance (cont.):

Assigned:

General Fund	
Subsequent year's expenditures	\$ 137,916
Public works department – Street lighting / Birch Street	7,500
Total Assigned	<u>\$ 145,416</u>

Unassigned:

General Fund	\$ 2,386,103
Special Revenue Fund – TIF District #1	<u>(2,167,408)</u>
Total Unassigned	<u>\$ 218,695</u>

Non-Major Funds – Details of Fund Balance:

Restricted:

Special Revenue Fund – Community Development Authority – TIF District #2	
Debt service	\$ 251,253
Capital Projects Fund – TIF District #1	
Debt service	116,284
Total Restricted	<u>\$ 367,537</u>

Committed:

Special Revenue Fund – Civic and Social	\$ 5,774
Capital Projects Fund – Street Projects	
Encumbrances	70,406
Total Restricted	<u>\$ 76,180</u>

Assigned:

Special Revenue Fund – Aquatic Center	\$ 18,518
Special Revenue Fund – Refuse/Recycling	51,278
Special Revenue Fund – Room Taxes	196,287
Special Revenue Fund – Park and Recreation	54,884
Capital Projects Fund – TIF District #1	55,334
Capital Projects Fund – Street Projects	119,857
Capital Projects Fund – Capital Equipment	292,112
Total Assigned	<u>\$ 788,270</u>

Unassigned:

Special Revenue Fund – TIF District #2	<u>\$ (7,387)</u>
--	-------------------

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)**

**I. BUSINESS-TYPE ACTIVITIES NET POSITION**

The following calculation supports the enterprise fund net investment in capital assets:

	Water Utility	Sewer Utility	Stormwater Utility	Total
Plant in Service	\$ 28,938,423	\$ 30,995,946	\$ 17,337,066	\$ 77,271,435
Accumulated Depreciation	(7,503,142)	(10,651,942)	(4,839,188)	(22,994,272)
Construction in Progress	103,692	10,994	-	114,686
Sub-Total	<u>21,538,973</u>	<u>20,354,998</u>	<u>12,497,878</u>	<u>54,391,849</u>
Less: Capital Related Debt				
Current portion of capital related long-term debt	181,000	362,500	555,505	1,099,005
Long-term portion of capital related long-term debt	1,685,000	2,400,000	2,893,607	6,978,607
Unamortized loss on refunding	-	(121,233)	(24,079)	(145,312)
Unamortized discounts on bonds	(13,682)	(14,498)	(25,040)	(53,220)
Sub-Total	<u>1,852,318</u>	<u>2,626,769</u>	<u>3,399,993</u>	<u>7,879,080</u>
Add: Unspent Debt Proceeds				
Reserve from borrowing	220,663	475,316	264,165	960,144
Reserve from revenue bond construction account	-	512,435	-	512,435
Sub-Total	<u>220,663</u>	<u>987,751</u>	<u>264,165</u>	<u>1,472,579</u>
Total Net Investment in Capital Assets	<u>\$ 19,907,318</u>	<u>\$ 18,715,980</u>	<u>\$ 9,362,050</u>	<u>\$ 47,985,348</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, and 5.8% for Protective Occupations with Social Security and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

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

Contribution rates for 2014 are:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Executives & Elected Officials	7.75%	7.75%
Protective with Social Security	7.00%	10.31%
Protective without Social Security	7.00%	13.91%

The payroll for the Village employees covered by the WRS for the year ended December 31, 2014, was \$1,800,041 the employer's total payroll was \$2,081,872. The total required contribution for the year ended December 31, 2014, was \$252,649, which consisted of \$126,726 or 7.0% of payroll from the employer and \$125,923 or 7.0% of payroll from employees. Total contributions for the years ending 2013 and 2012 were \$332,683 and \$296,663, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for Elected Officials and 54 for Protective Occupation employees with less than 25 years of service, 53 for Protective Occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for Protective Occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 through June 30, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 2, 2011 must have five years of creditable service to be vested.

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

# VILLAGE OF WESTON

## NOTES TO FINANCIAL STATEMENTS December 31, 2014

---

### NOTE V – OTHER INFORMATION (cont.)

---

#### **B. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The Village purchases commercial insurance to provide coverage for losses from theft of, and damage to, or destruction of assets, and also for torts, errors and omissions, workers compensation, general liability coverage, and health. Settled claims have not exceeded commercial coverage in any of the three preceding years. There were no significant reductions in coverage compared to the prior year. Other risks, such as dental coverage of its employees are accounted for and financed by the Village in an internal service fund – the fringe benefits fund. The Village's self-insured dental insurance program began in November 2002.

#### **C. COMMITMENTS AND CONTINGENCIES**

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

Occasionally, the Village will borrow funds for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the Capital Projects Funds and Enterprise Funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures (in the capital projects funds). The balance of contract amounts plus open purchase orders is classified as a committed fund balance at year-end from which committed resources are used to liquidate the encumbrance.

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

The Town of Weston, now Village of Weston Landfill, was closed in 1986. State and federal laws and regulations require that the Village of Weston perform certain maintenance and monitoring functions at the landfill site. During 1993, the State of Wisconsin Department of Natural Resources issued a conditional approval modifying the landfill closure plan. In 1994, the Town began work on the modified closure, which involves the installation of a composite cap over the landfill with an active gas extraction system within the landfill. The new cover and extraction system were completed in 1995. However, it is anticipated that the Town/Village will be faced with additional clean-up and long-term monitoring costs in the future due to changes in technology and changes in laws and regulations. The future costs of these possible changes are unknown at the present time.

#### **D. LITIGATION**

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE V – OTHER INFORMATION (cont.)

---

**E. JOINT VENTURES**

***Everest Metro Public Safety***

The Everest Metro Police Department (EMPD) began on October 4, 1993, as a joint venture between the Village of Weston, Town of Weston, and City of Schofield. The communities have also joined together to form the Everest Metro Municipal Court (EMMC). The two departments operate under Everest Metro Public Safety (EMPS). Each municipality pays a proportionate share of the costs for police services and municipal court costs. The police department's current cost proration for 2014 is for the Village of Weston to pay 78.47%, the Town of Weston to pay 4.05%, and the City of Schofield to pay 17.48% of the actual expenditures. The municipal court's current cost proration for 2014 is for the Village of Weston to pay 76.41%, the Town of Weston to pay 2.09%, and the City of Schofield to pay 21.50%. The 2014 difference may be allocated to the municipalities at the same proration in the next year.

Everest Metro Public Safety is overseen by a seven-member finance committee made up of three Village of Weston officials, three City of Schofield officials, and one Town of Weston official. The finance committee approves a budget and controls all financial aspects of the department. A separate seven member administrative committee (Police Commission) is appointed to control management and policy of the police department.

The Village contributed \$2,286,438 in 2014 for the operations of the EMPD and \$25,988 for EMMC. The Village accounts for its costs of the operation in the general fund and has an equity interest in the organization equal to its percentage share of participation. The EMPS issues separate financial statements available at the Village municipal center offices. A copy of the annual financial statements may be obtained by writing to the Village of Weston, 5500 Schofield Avenue, Weston, WI 54476.

Summarized information for EMPS's year ending December 31, 2014, which are the most recently audited financial statements, is as follows:

<b>Assets</b>	
Current assets	\$ 745,526
Capital assets, net of depreciation	262,975
Total assets	<u>\$1,008,501</u>
<b>Liabilities</b>	
Current liabilities	\$ 168,583
Noncurrent portion of long-term obligations	33,610
Total liabilities	<u>\$ 202,193</u>
<b>Net Position</b>	
Net investment in capital assets	\$ 262,975
Unrestricted	543,333
Total net position	<u>\$ 806,308</u>
<b>Revenue</b>	
Received from Village of Weston	\$2,312,426
Received from City of Schofield	526,335
Received from Town of Weston	115,711
Other revenue	273,288
Total revenue	<u>3,227,760</u>
<b>Expenses</b>	
	<u>3,154,023</u>
<b>Change in net position</b>	<u>\$ 73,737</u>

The financial and payroll administration of the EMPS is performed by the employees of the Village of Weston. In 2014, the EMPD paid the Village \$35,000 for administrative services and \$86,493 for rent.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE V – OTHER INFORMATION (cont.)

---

E. JOINT VENTURES (cont.)

*South Area Fire & Emergency Response District*

The South Area Fire & Emergency Response District (SAFER) began on January 1, 2014, as a joint venture between the Village of Weston and the Town of Rib Mountain. Each municipality pays a proportionate share of the costs for the services of the SAFER District. The current proration of costs for 2014 is for the Village of Weston to pay 63.89% and the Town of Rib Mountain to pay 36.11% of the SAFER budget.

The department is overseen by a five-member Board of Directors (the Board) made up of the Rib Mountain Town Board Chairperson or his/her designee, the Village of Weston President or his/her designee, one community representative from the Village, one community representative from the Town, and a resident of the areas served by SAFER. The Board approves a budget and controls all financial aspects of the department. A separate five member administrative committee (Commission) is appointed to control management and policy of the department.

The Village contributed \$464,958 in 2014 for the operations of SAFER. The Village accounts for its costs of the operation in the general fund and has an equity interest in the organization equal to its percentage share of participation.

SAFER issues separate financial statements available at the Village municipal center offices. A copy of the annual financial statements may be obtained by writing to the Village of Weston, 5500 Schofield Avenue, Weston, WI 54476.

Summarized information for SAFER's year ending December 31, 2014, which are the most recently audited financial statements, is as follows:

<b>Assets</b>	
Current assets	\$ 493,234
Capital assets, net of depreciation	<u>2,122,892</u>
Total assets	<u>\$2,616,126</u>
<b>Liabilities</b>	
Current liabilities	\$ 472,843
Noncurrent portion of long-term obligations	<u>13,066</u>
Total liabilities	<u>\$ 485,909</u>
<b>Net Position</b>	
Net investment in capital assets	\$2,122,892
Unrestricted	<u>7,325</u>
Total net position	<u>\$2,130,217</u>
<b>Revenue</b>	
Received from Village of Weston	\$ 464,958
Received from Town of Weston	262,789
Other revenue	<u>3,453,184</u>
Total revenue	4,180,931
<b>Expenses</b>	<u>2,050,714</u>
<b>Change in net position</b>	<u>\$2,130,217</u>

The financial and payroll administration of SAFER is performed by the employees of the Village of Weston.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

---

NOTE V – OTHER INFORMATION (cont.)

---

**F. SUBSEQUENT EVENTS**

Management evaluated subsequent events through June 29, 2015, the date the accompanying financial statements were available to be issued. Events or transactions occurring after December 31, 2014, but prior to June 29, 2015, that provided additional evidence about conditions that existed at December 31, 2014, have been recognized in the accompanying financial statements for the year ended December 31, 2014. Events or transactions that provided evidence about conditions that did not exist at December 31, 2014, but arose before the accompanying financial statements were available to be issued have not been recognized in the accompanying financial statements for the year ended December 31, 2014.

**G. CREATION OF COMMUNITY DEVELOPMENT AUTHORITY AND LEASE COMMITMENTS**

During 2002, the Community Development Authority of the Village of Weston was formed for the purpose of providing public benefits, including the elimination of blight, clearance of undesirable conditions, and the creation of urban renewal and community development programs. The Community Development Authority borrowed \$8,065,000 in 2002, \$7,585,000 in 2003, \$16,130,000 in 2004, \$10,240,000 in 2005, and \$3,760,000 in 2007 to purchase land from the Village. The Village is in turn leasing the same land from the Community Development Authority with rental payments being equal to the annual amount of principal and interest due on the borrowing. It is anticipated that over the life of the revenue bonds, the tax increments generated from Tax Incremental Financing (TIF) District #1 and District #2 will be used to repay the revenue bonds and reduce future rental payments due from the Village. The lease expires in 2025 for TIF District #1 and in 2025 for TIF District #2. The future minimum lease payments under this lease are as follows:

<u>Years</u>	<u>TIF #1 District</u>	<u>TIF #2 District</u>	<u>Grand Total</u>
2015	\$ 4,810,335	\$ 251,253	\$ 5,061,588
2016	5,022,788	244,278	5,267,066
2017	5,141,770	247,133	5,388,903
2018	5,111,815	244,333	5,356,148
2019	4,684,655	246,080	4,930,735
2019 and thereafter	<u>9,510,405</u>	<u>1,038,533</u>	<u>10,548,938</u>
Total	<u>\$34,281,768</u>	<u>\$2,271,610</u>	<u>\$36,553,378</u>

The rental expense for the year ended December 31, 2014, was \$4,210,103 for TIF District #1 and \$247,718 for TIF District #2.

This information is an integral part of the accompanying basic financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**