

**FINANCIAL
SECTION**



INDEPENDENT AUDITORS' REPORT

Members of the Village Board
Village of Weston
Weston, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages xvii through xxxviii and 55 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Members of the Village Board
Village of Weston

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014 on our consideration of Village of Weston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Weston's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
July 30, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS



Village of Weston Management's Discussion and Analysis

As management of the Village of Weston, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Weston for the fiscal year ended December 31, 2013. It is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position, and (4) identify any changes in the Village's financial plan (approved budget).

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal at the front of this report and the Village's financial statements, which begin on page 1 of this report. A comparative analysis has been presented for 2012 and 2013.

THE FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village of Weston exceeded its liabilities and deferred inflows of resources as of the fiscal year ended December 31, 2013 by \$70,832,303 (reported as "*net position*"). Of this amount, \$10,967,957 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. Net position from Governmental Activities was \$12,225,405, while the Business-Type Activities net position was \$58,606,898.
- The Village's total net position increased by \$69,756 during fiscal year 2013, resulting from governmental and business-type activities. There was a decrease of \$72,981 in net position from Governmental Activities, while there was an increase of \$142,737 in net position from Business-Type Activities.
- At the close of the current fiscal year, the Village of Weston's governmental funds reported combined fund balances of \$6,328,677, which was an increase of \$483,056 in comparison with the prior year. The unassigned fund balance was \$320,049. At the end of the year, management had designated \$647,513 of the total fund balance as committed or assigned for specific purposes and \$5,361,115 as restricted or nonspendable due to allocations of prepaid expenditures or constrained by external factors, such as grants or regulations defining specific use.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$2,353,577, or approximately 34.6% of the Village's 2013 total general fund expenditures of \$6,794,336. The unassigned fund balance in the Village's General Fund was \$2,346,077, which was a \$2,295 decrease from the previous year.
- The Village issued two new debt obligations in 2013 for a combined total of \$1,715,000. The full amount was issued as General Obligation ("G.O.") debt backed by the full faith and credit of the Village. The Series 2013A G.O. Promissory Note was issued to fund various capital improvements projects that were completed in 2012-2013. The Series 2013B G.O. Promissory Note was a taxable note that was used to finance Tax Incremental Financing grant payments in 2012-2013.

Village of Weston

Management's Discussion and Analysis

THE FINANCIAL HIGHLIGHTS (cont.)

- The Village's share of the assessed tax rate as of December 2013 (for the 2014 budget year) was set at \$5.31, which was a tax rate increase of \$0.15 from the previous year. The Village Board and staff are proud of the fact that the Village's share of the tax rate has remained relatively unchanged in the past six years, even after large cuts in state aids. The Village is adopting its annual budget for operating and debt service costs at the "same pace" as the assessed valuation growth of the Village, while adjusting the budget for reductions in state aid. In the meantime, the Village's combined assessed tax rate was set at \$21.09 in December 2013, which was a tax rate increase of \$0.58 from the previous year, due to the slight increase in the assessed tax rates of the other taxing jurisdictions (D.C. Everest School District, Marathon County, and North Central Technical College). The combined tax rate had been \$20.51 in 2012, \$20.90 in 2011, and \$20.26 in 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the Village of Weston's basic financial statements. The Village's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The *statement of activities* presents information showing how the Village's net position changed during the fiscal year ended December 31, 2013. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). In the statement of net position and statement of activities, we divide the Village into these two categories:

Village of Weston

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

Governmental Activities: Most of the Village's basic services are reported here. This includes Public Safety (police, fire, ambulance, emergency government, building inspections), Public Works (engineering, street lighting, garbage collection, street repair, snow and ice removal, traffic control), Parks, Recreation, and Education (parks, recreation programs, aquatic center, special events), Community Development (economic development, zoning, planning), and General Government (village board, administration, municipal court, risk management/insurance). These services are funded by various revenue sources, including property taxes, intergovernmental aid, licenses and permits, charges for services, and investment earnings.

Business-Type Activities: For these activities, the Village charges a fee to cover all or most of the costs of certain services it provides. The Village's Water, Sewer, and Stormwater Utilities are reported here.

The government-wide financial statements can be found on pages 1-3 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The Village of Weston maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the

Village of Weston Management's Discussion and Analysis

Governmental Funds (cont.)

Debt Service Fund, the Special Revenue Fund-Community Development Authority/TIF District #1, the Special Revenue Fund-TIF District #1, the Capital Projects Fund-TIF District #1, and the Capital Projects Fund-Street Projects, all of which are considered to be major funds. Data from the other eleven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The Village adopts an annual appropriated budget for its General, Special Revenue, Capital Projects, and Debt Service Funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the Village's adopted and final revised budget and can be found on pages 55-59 of this report. Budgetary comparisons for the Special Revenue, Capital Projects, and Debt Service Funds can be found on pages 60-61, 64-66, and 73-83 of this report.

Following is a listing and description of the governmental funds reported by the Village of Weston in 2013:

General Fund

The General Fund (major fund) is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. In 2013, the Village of Weston used special revenue funds to account for:

- Refuse/Recycling
- Transportation Utility
- TIF District #1 (major fund)
- TIF District #2
- Business Grants
- Aquatic Center
- Room Taxes
- Civic and Social
- Park and Recreation
- Community Development Authority (CDA) – TIF District #1 (major fund)
- Community Development Authority (CDA) – TIF District #2

Village of Weston Management's Discussion and Analysis

Governmental Funds (cont.)

Debt Service Fund

The debt service fund (major fund) is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs (other than those being financed by proprietary funds).

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds). In 2013, the Village of Weston used capital projects funds to account for:

Street Projects (major fund)
Facility Projects

TIF District #1 (major fund)
Capital Equipment

The basic governmental fund financial statements can be found on pages 4-8 of this report.

Proprietary Funds

The Village of Weston maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village uses enterprise funds to account for its water, sewer, and stormwater utility operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Village's various functions. The Village uses internal service funds to account for the management of its retained risks. Because this service predominantly benefits governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility, the Sewer Utility, and the Stormwater Utility enterprise funds and the one internal service fund. All three enterprise funds are considered major funds.

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control and

Village of Weston Management's Discussion and Analysis

Proprietary Funds (cont.)

Enterprise Funds (cont.)

accountability or other purposes. In 2013, the Village of Weston used enterprise funds to account for:

- Water Utility (major fund)
- Sewer Utility (major fund)
- Stormwater Utility (major fund)

Internal Service Funds

Internal Service funds are 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. In 2013, the Village of Weston used internal service funds to account for:

- Fringe Benefits/Insurances

The basic proprietary fund financial statements can be found on pages 9-13 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Agency Funds

Agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. In 2013, the Village of Weston did not have any agency funds.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-54 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Combining and individual fund statements and schedules can be found on pages 55-85 of this report.

Village of Weston

Management's Discussion and Analysis

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

An analysis of the Village's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the Village's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Weston, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$70,832,303 (net position) as of December 31, 2013. This includes total assets of \$155,309,407, deferred outflows of resources of \$226,157, total liabilities of \$74,608,629, and deferred inflows of resources of \$10,094,632. It is useful to examine the specifics of the Village's total net position.

By far, the largest portion of the Village's net position (76.8%) reflects its investment in capital assets (e.g. land, buildings, building improvements, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress), less any related outstanding debt that was used to acquire those assets. This amount includes the Village's investment in roads, sewers, and bridges. The Village uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of any related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (7.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$10,967,957 (15.5%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Non-current liabilities, most of which were incurred to finance capital assets, account for approximately 77.0% of all Village liabilities. The following table provides an analysis of the Village's net position outlook:

Village of Weston Management's Discussion and Analysis

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS (cont.)

VILLAGE OF WESTON NET POSITION December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 33,934,121	\$ 32,364,952	\$ 12,077,488	\$ 11,717,340	\$ 46,011,609	\$ 44,082,292
Capital assets	53,600,934	57,571,700	55,696,864	56,842,215	109,297,798	114,413,915
Total assets	<u>87,535,055</u>	<u>89,936,652</u>	<u>67,774,352</u>	<u>68,559,555</u>	<u>155,309,407</u>	<u>158,496,207</u>
Total deferred outflows of resources	46,261	58,598	179,896	214,480	226,157	273,078
Non-current liabilities	(48,981,541)	(52,295,434)	(8,471,309)	(9,441,254)	(57,452,850)	(61,736,688)
Current and other liabilities	(16,279,738)	(15,835,393)	(876,041)	(868,620)	(17,155,779)	(16,704,013)
Total liabilities	<u>(65,261,279)</u>	<u>(68,130,827)</u>	<u>(9,347,350)</u>	<u>(10,309,874)</u>	<u>(74,608,629)</u>	<u>(78,440,701)</u>
Total deferred inflows of resources	<u>(10,094,632)</u>	<u>(9,566,037)</u>	-	-	<u>(10,094,632)</u>	<u>(9,566,037)</u>
Net position:						
Net investment in capital assets	16,220,117	17,793,740	48,215,910	47,994,656	54,371,214	55,019,342
Restricted	4,776,158	4,589,532	716,974	766,724	5,493,132	5,356,256
Unrestricted (deficit)	<u>(8,770,870)</u>	<u>(10,084,886)</u>	<u>9,674,014</u>	<u>9,702,781</u>	<u>10,967,957</u>	<u>10,386,949</u>
Total net position	<u>\$ 12,225,405</u>	<u>\$ 12,298,386</u>	<u>\$ 58,606,898</u>	<u>\$ 58,464,161</u>	<u>\$ 70,832,303</u>	<u>\$ 70,762,547</u>

CHANGES IN NET POSITION

The 2013 overall net position of the Village increased by \$69,756 from 2012.

Net position of the Village's governmental activities totaled \$12,225,405 as of December 31, 2013. Governmental activities for the year decreased net position by \$72,981. The Village's unrestricted net position for governmental activities, which part of net position that can be used to finance day-to-day activities, was a deficit balance of \$8,770,870, due to the TIF District debt accumulated to date in the governmental activities, but the TIF water, sewer, and stormwater capital assets are reported as business-type activities instead. Restricted net position for governmental activities included \$4,776,158 for debt service.

The net position of business-type activities totaled \$58,606,898, an increase of \$142,737. The Village can use the unrestricted net position of \$9,674,014 to finance the continuing operations of the water, sewer, and stormwater utilities.

Village of Weston Management's Discussion and Analysis

CHANGES IN NET POSITION (cont.)

The following table provides a more detailed analysis of the Village's change in net position:

VILLAGE OF WESTON CONDENSED STATEMENT OF ACTIVITIES For the Years Ended December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 1,959,080	\$ 1,866,554	\$ 4,567,786	\$ 4,559,209	\$ 6,526,866	\$ 6,425,763
Operating grants and contributions	315,768	398,981	3,537	4,348	319,305	403,329
Capital grants and contributions	1,432,162	1,697,230	239,595	20,952	1,671,757	1,718,182
General revenues:						
Property taxes	8,736,189	8,915,033	-	-	8,736,189	8,915,033
Other taxes	527,403	502,854	-	-	527,403	502,854
Intergovernmental revenues not restricted to specific programs	1,170,768	1,183,896	-	-	1,170,768	1,183,896
Public gifts and/or grants not restricted to specific programs	-	-	-	-	-	-
Investment earnings (loss)	(323,354)	285,032	(358,666)	273,753	(682,020)	558,785
Other general revenues	43,564	46,953	-	10,798	43,564	57,751
Total Revenues	13,861,580	14,896,533	4,452,252	4,869,060	18,313,832	19,765,593
Expenses:						
General government	959,267	915,082	-	-	959,267	915,082
Public safety	3,658,714	4,020,252	-	-	3,658,714	4,020,252
Public works	6,371,828	6,546,751	-	-	6,371,828	6,546,751
Health and human services	15,663	281	-	-	15,663	281
Parks, recreation, and education	607,286	609,515	-	-	607,286	609,515
Community development	642,698	976,314	-	-	642,698	976,314
Interest and fiscal charges	2,165,386	2,328,820	-	-	2,165,386	2,328,820
Water utility	-	-	1,482,962	1,536,691	1,482,962	1,536,691
Sewer utility	-	-	1,741,139	1,745,298	1,741,139	1,745,298
Stormwater utility	-	-	599,133	684,311	599,133	684,311
Total Expenses	14,420,842	15,397,015	3,823,234	3,966,300	18,244,076	19,363,315
Increase (decrease) in net position before transfers	(559,262)	(500,482)	629,018	902,760	69,756	402,278
Transfers	486,281	82,813	(486,281)	(82,813)	-	-
Change in net position	(72,981)	(417,669)	142,737	819,947	69,756	402,278
Net position-beginning of year	12,298,386	12,716,055	58,464,161	57,644,214	70,762,547	70,360,269
Net position-end of year	<u>\$12,225,405</u>	<u>\$12,298,386</u>	<u>\$58,606,898</u>	<u>\$58,464,161</u>	<u>\$70,832,303</u>	<u>\$70,762,547</u>

Village of Weston

Management's Discussion and Analysis

GOVERNMENTAL ACTIVITIES

Governmental activities for 2013 decreased the Village's net position by \$72,981. Total revenues, excluding transfers, had decreased by \$1,034,953 for 2013. Property taxes in 2013 accounted for 60.9% and charges for services were 13.7% of total governmental activities revenue, including transfers. Total expenses decreased by \$976,173 for 2013. Expenses for public safety and public works were 69.6% of all governmental activities. Governmental expenses included \$4,001,987 in depreciation expense allocated as follows: \$3,618,786 to public works, \$47,215 to general government, \$201,570 to public safety, and \$134,416 to parks and recreation. Depreciation expense represents 27.8% of the total expenses for governmental activities.

Some of the significant changes in revenues and expenses were as follows:

Revenues:

- Property tax revenue had an overall decrease in 2013 of \$178,844 (-2.01%). The TIF district tax levy had decreased by \$199,638 (-4.48%) in 2013 due to a state economic adjustment reducing the valuation of the TIF property. The property tax revenue decreased by \$117,269 in TIF District #1 and \$82,369 in TIF District #2. There was no change in the debt service tax levy for 2013. Therefore, the general purpose tax levy of the Village increased by \$20,794 (0.72%) in 2013.
- Revenues from charges for services totaled \$1,959,080, which was an increase of \$92,526 (4.96%) from 2012. In 2013, the Village started collection of a transportation utility fee (\$31,997) and a cable franchise fee (\$128,651), both of which contributed to the increase in charges for services. The Village also received \$62,370 in insurance proceeds for damaged park and landscaping property in 2013. Public safety charges for services went down by \$93,853 (-12.17%) most of which was attributable to the decrease in ambulance revenue of \$87,242 (-21.74%), due to fewer calls in 2013 and one less municipality served.
- Operating grants and contributions totaled \$315,768, which was a decrease of \$83,213 (-20.86%) from 2012. In 2012, the Village received grant funds (\$30,063) that were subsequently turned over to the Everest Metro Police Department for specific public safety programs, and those monies were not received again in 2013. In addition, the Village had received a state grant for street surface maintenance (\$29,425) in 2012, which was not repeated in 2013.
- Revenues received from capital grants and contributions totaled \$1,432,162, which was a decrease of \$265,068 (-15.62%) from 2012. In 2012, the Village received a grant for the Alderson Street reconstruction project (\$463,700) which was split with the City of Schofield. The Village did not receive a similar grant in 2013, but did have two large street reconstruction projects from 2012 that were special assessed to property owners in 2013, of which \$208,477 was recorded as 2013 revenue.

Village of Weston

Management's Discussion and Analysis

GOVERNMENTAL ACTIVITIES (cont.)

Revenues (cont.):

- Investment earnings (loss) totaled a negative amount of -\$323,354, which was \$608,386 lower (-213.44%) than 2012. This unrealized loss is primarily the result of the Village recording a net decrease in the fair value of investments for 2013 (-\$544,584), because the Village's investments had a lower market value at year-end 2013 compared to 2012. The Village intends on holding onto all of their investments to maturity and does not anticipate on an actual realized loss at the time of maturity. In fact, the fair value of the investments will be increased back to face value up to the time of maturity and unrealized gains in investment income will be recorded in future years up to the maturity date. Actual investment revenue collected by the Village totaled \$221,230 in 2013, before the unrealized loss in the fair value of investments was recorded.

Expenses:

- General government expenses increased by \$44,185 (4.83%). In 2012, the Village was without an administrator for five months, while in 2013 the Village had an administrator for the full year resulting in the increase. All other departments showed a strong effort to hold expenses near prior year's numbers.
- Public safety expenses totaled \$3,658,714 in 2013 which was a decrease of \$361,538 (-8.99%). In 2013, the Village moved the public fire protection charge (\$375,489) off of the tax roll and removed the expense from the governmental activities. The Village now collects this charge through utility bills, which associates more closely with the costs of this service to the people who benefit from it.
- Public works expenses totaled \$6,371,828 in 2013 which was a decrease of \$174,923 (-2.67%). In 2013, the Village completed minimal public works capital projects, while the street department had a retirement in 2012 and that position was never refilled in 2013.
- Health and human services increased by \$15,382 in 2013 for the shift in the administration costs of the pet licensing program which had been outsourced in 2013 to a third-party provider at a cheaper cost than having Village staff monitoring the program in-house.
- Parks, recreation, and education expenses decreased by \$2,229 (-0.37%). The net decrease was due to a couple of different factors. In 2013, the department had a full-time employee resign and that position was never replaced, for a budgetary savings of \$17,238. However, a large landscaping repair expense had been incurred for \$45,881 in 2013. The Weston Aquatic Center had a \$6,797 reduction in expenses for 2013, as compared to 2012. The net effect of these items was then a slight decrease in 2013 expenses.
- Community development expenses decreased by \$333,616 (-34.17%) in 2013. The Village expended \$628,333 in economic development grants in 2012 as compared to only \$216,667 in 2013.

Village of Weston Management's Discussion and Analysis

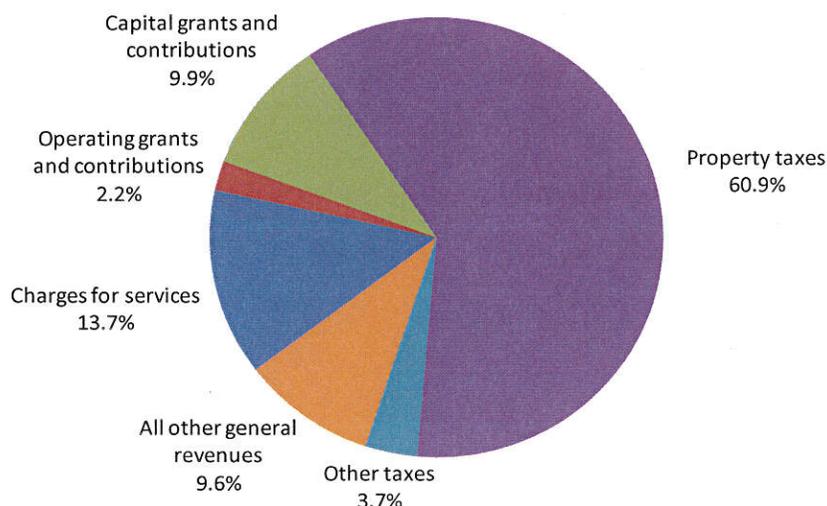
GOVERNMENTAL ACTIVITIES (cont.)

Expenses (cont.):

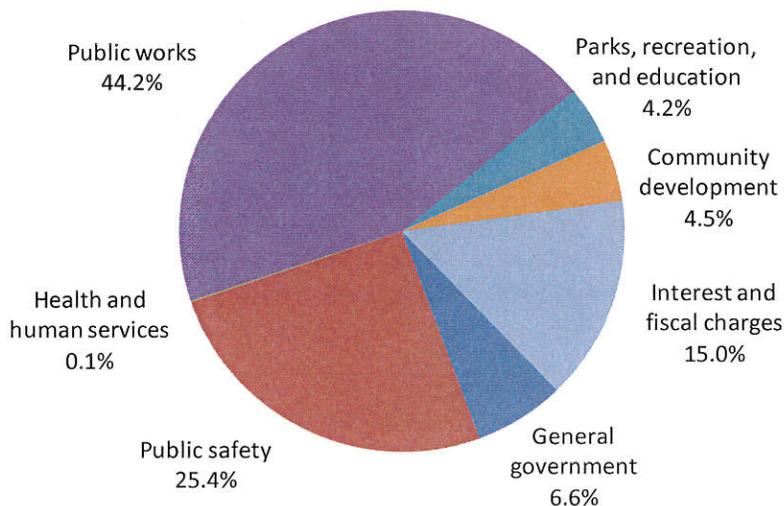
- Interest and fiscal charges expenses which totaled \$2,165,386 for 2013 decreased by \$163,434 (-7.02%). This decrease was due to the fact that the Village only issued bank notes in September 2013 and incurred minimal new debt issuance costs and accrued interest expense on these two issues in 2013. Otherwise, interest and fiscal charges paid on previously issued debt decreased by \$173,280 in 2013, as compared to 2012.

The following graphs provide a breakdown of all governmental activities revenues and expenses:

REVENUES - Governmental Activities



EXPENSES - Governmental Activities



Village of Weston

Management's Discussion and Analysis

BUSINESS-TYPE ACTIVITIES

Business-type activities, which include the operations of the water, sewer, and stormwater utilities, provided an increase to the Village's net assets of \$142,737. Charges for services were over expenses by \$744,552. Capital grants and contributions of \$239,595 and operating grants and contributions of \$3,537 were other 2013 funding sources for the utility funds. Investment earnings (loss) and transfers resulted in a net reduction of revenues of \$844,947.

Revenues for business-type activities, excluding capital and operating grants and contributions, decreased by \$634,640 (-13.10%) in 2013. Charges for services increased by \$8,577 (0.19%) in 2013. Capital grants and contributions increased by \$218,643. There was a minimal change in operating grants. Some of the significant changes in revenues were as follows:

- Water Utility operating revenues totaled \$2,151,105 for 2013, which was a decrease of \$42,971 (-1.96%) from 2012. Interest earnings on investments decreased by \$218,390 (-221.18%) from 2012, which reflected the investments of the water utility having a lower fair value than the previous year. The water utility intends on holding all investments until maturity and does not anticipate experiencing an actual realized loss on those investments. The Water Utility held rates at the 2009 level.
- Sewer Utility operating revenues totaled \$1,821,862 for 2013, which was an increase of \$48,777 (2.75%) from 2012. Interest earnings decreased by \$351,192 (-218.70%) from 2012, which reflected the investments of the sewer utility having a lower fair value than the previous year. The Sewer Utility held rates at the 2005 level.
- Stormwater Utility operating revenues totaled \$598,356 for 2013, which was a slight increase of \$1,960 (0.33%) from 2012. Interest earnings on investments decreased by \$62,837 (-435.37%) due to the reduction in fair value of those investments compared to the previous year. In 2013, the Stormwater Utility borrowed \$140,121 from the Sewer Utility to finance stormwater operations. In 2013, the Stormwater Utility held rates at the original 2004 level. However, the Village is looking into rate options in 2014.

Expenses, excluding depreciation, totaled \$1,791,926, which was a decrease of \$73,469 (-3.94%) from 2012. Depreciation expense increased by \$12,789 (0.81%). Some of the significant changes in expenses were as follows:

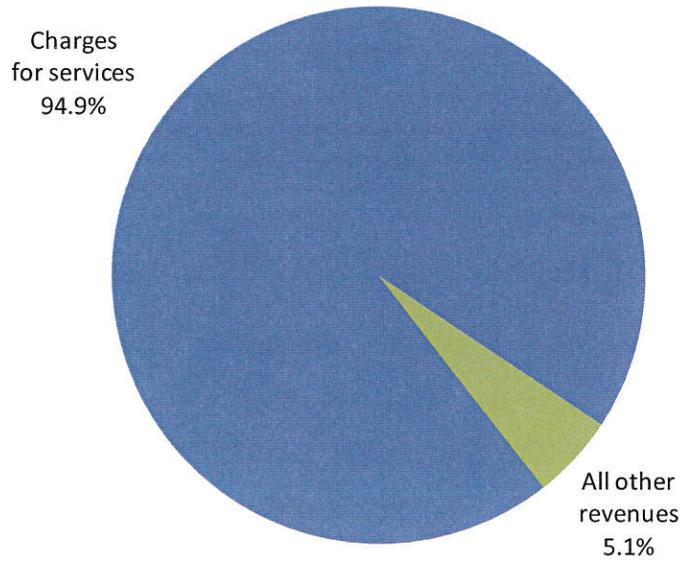
- Water Utility operations expense, excluding depreciation, decreased by \$55,150 (-6.15%). As with 2012, the utility did very few large maintenance projects during 2013.
- Sewer Utility operating expenses, excluding depreciation, increased by \$71,685 (8.60%). The main reason for the change in expenses was an increase of \$83,687 (19.15%) in charges from the Rib Mountain Sewerage District in 2013.
- Stormwater Utility operating expenses, excluding depreciation, decreased by \$90,004 (-66.64%). The decrease was because all administrative costs were removed from the stormwater utility fund in 2013. Only costs in the fund are for expenses directly related to stormwater drainage maintenance in the Village.

Village of Weston Management's Discussion and Analysis

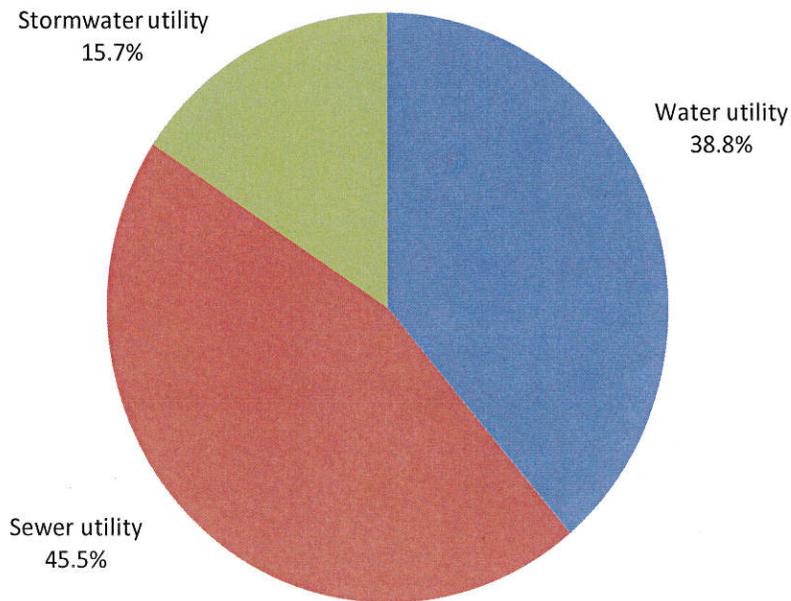
BUSINESS-TYPE ACTIVITIES (cont.)

The following graphs provide a breakdown of all business-type activities revenues and expenses:

REVENUES - Business-type Activities



EXPENSES - Business-type Activities



Village of Weston Management's Discussion and Analysis

INDIVIDUAL FUND FINANCIAL ANALYSIS

Governmental Funds

The Village of Weston ended 2013 with a fund balance of \$6,328,677 in its governmental funds, compared to \$5,845,621 as of December 31, 2012. This is an increase of \$483,056. Of the 2013 fund balance, \$65,047 was nonspendable, \$5,296,068 was restricted, \$77,377 was committed, \$570,136 was assigned, and \$320,049 was unassigned. The restricted balance includes \$5,296,068 for debt service. The committed balance includes \$71,639 for encumbrances.

General Fund

The General Fund is the primary operating fund of the Village and supports the majority of the day-to-day services provided by the Village. The Village's General Fund realized a fund balance decrease of \$576,200 from 2013 operations. Fund balance at year-end totaled \$2,418,624, of which \$65,047 is nonspendable, \$7,500 assigned, and \$2,346,077 is unassigned. This unassigned fund balance is 34.53% of the Village's 2013 General Fund expenditures of \$6,794,336. Municipal credit analyst, Moody's Investors Service, considers the fund balance in the General Fund an important measure of a municipality's financial condition. An unassigned fund balance of 34.53% of expenditures is considered a very strong fund balance by Moody's, and helps contribute to the Village of Weston's strong "Aa2" bond rating.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The net increase in fund balance during the year was \$419,576, which resulted in a total fund balance at year-end of \$729,363.

Special Revenue Fund – TIF District #1

This fund accounts for the receipt of district "incremental" property taxes and other revenues and the corresponding program expenditures for TIF District #1. There was a net decrease in fund balance during the year of \$952,149, which resulted in a deficit fund balance at year-end of (\$1,974,991). The decrease in fund balance was mainly due to the increasing debt service payments outpacing the increasing tax increment revenue. As future development is constructed in TIF District #1, the future property taxes generated from these new increments is expected to be more than sufficient to cover all annual debt service payments.

Village of Weston Management's Discussion and Analysis

Governmental Funds (cont.)

Special Revenue Fund – Community Development Authority (CDA) - TIF District #1

This fund accounts for the receipt of CDA Lease Revenue Bond proceeds issued by the CDA on the behalf of the Village of Weston. These proceeds are then transferred out to the TIF District #1 – Capital Projects Fund. Corresponding program expenditures and bond issuance costs are also recorded in this fund. There was no change in fund balance this year; the fund balance at year-end was \$4,208,713.

Capital Projects Fund – TIF District #1

This fund accounts for resources to be used to fund redevelopment projects within the Village's TIF District #1 improvement district area, covering the Weston Business Technology Park in the east and the Putnam Capital Management Development in the west. There was a net increase in fund balance of \$655,120, which resulted in a fund balance at year-end of \$203,905. The reason for the increase in fund balance was that capital borrowing proceeds for the 2012-2013 capital projects were received in 2013.

Capital Projects Fund – Street Projects

This fund accounts for resources to be used for the construction and maintenance of streets, sidewalks, and curb/gutters. There was an increase in fund balance of \$766,512, which resulted in a fund balance at year-end of \$262,268. The reason for the increase in fund balance was that capital borrowing proceeds for the 2012-2013 capital projects were received in 2013.

Proprietary Funds

Water Utility Fund

The water utility's operating income, before transfers and other nonoperating revenues and expenses, was \$752,699 in 2013. The overall change to net position was an increase of \$194,798. The water utility's 2013 rate of return was 5.26%.

Sewer Utility Fund

The sewer utility realized an operating income, before transfers and other nonoperating revenues and expenses, of \$241,612. Overall net position decreased by (-\$62,806). The sewer utility's 2013 rate of return was 2.41%.

Village of Weston Management's Discussion and Analysis

Proprietary Funds (cont.)

Stormwater Utility Fund

The Village formed a stormwater utility in 2004 with an equivalent runoff unit ("ERU") rate of \$48 annually, or billed at \$12 quarterly. The number of units charged per parcel is dependent upon the amount of impervious surface located on each parcel. In 2013, the utility had an operating income, before transfers and other nonoperating revenues and expenses, of \$191,157. The utility had an increase in net position of \$10,745. The stormwater utility's 2013 rate of return was 1.47%.

BUDGETARY ANALYSIS

The Village's 2013 General Fund adopted expenditure budget totaled \$7,355,640. The Village's final General Fund revenue budget totaled \$6,782,150. The 2013 revenue budget anticipated the use of \$143,410 in assigned fund balance and \$430,080 from unassigned fund balance, for a grand total of \$573,490.

As previously stated, the Village ended 2013 with a general fund balance decrease of \$576,200 from 2012. In other words, the Village did reduce its reserves by an additional \$2,710 over the amount which had been planned for in 2013 (\$573,490).

Actual General Fund revenue was short of the budget by \$25,771, or -0.38% below budget. A large positive variance of \$164,970 was realized from licenses and permits. Negative variances occurred in investment earnings of \$183,266 and fines and forfeitures of \$28,174. Other revenue categories experienced small positive or negative variances.

General Fund expenditures finished 2013 with a positive budget variance of \$23,061, or 0.31% below budget. Some positive variances occurred in parks and recreation (\$7,800) and general government (\$45,691). A negative budget variance occurred in public works (\$9,612). Most other Village department expenditure categories experienced small positive and negative budget variances. Contingency reserve/other had a positive budget variance of \$12,875.

General fund statements highlighting budget versus actual variances can be found on pages 55-59 of this report.

Village of Weston Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the Village of Weston had an investment in capital assets of \$109,297,798 net of accumulated depreciation, of all governmental and business-type activities of the Village. This amounts to a \$5,116,117 decrease (-4.47%) from the end of 2012.

In 2013, the Village had limited capital additions. The focus was on office operations, which included a new phone system (\$14,795), a new copier (\$10,765), and a new server (\$15,292).

The public works department purchased a lift truck (\$31,500), while the park department purchased a video security system for one of the parks (\$27,850).

In the Village's business-type activities, major capital additions (prior to depreciation) for the Water Utility included an upgrade in the SCADA equipment for \$114,720. The Water Utility also had \$227,970 of additions to the transmission and distribution system. The Sewer Utility had \$42,403 of additions to its collection system (prior to depreciation). The Stormwater Utility had \$59,926 in additions to its collection and detention basin systems (prior to depreciation). The following table provides a summary of the Village's change in capital assets.

VILLAGE OF WESTON CAPITAL ASSETS December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land/right-of-ways	\$ 5,100,759	\$ 5,100,759	\$ 623,352	\$ 623,352	\$ 5,724,111	\$ 5,724,111
Wells and springs	-	-	597,507	597,507	597,507	597,507
Buildings	6,910,471	6,910,471	2,579,855	2,576,860	9,490,326	9,487,331
Improvements	5,927,274	5,927,274	70,374,524	70,137,761	76,301,798	76,065,035
Equipment	5,921,859	5,926,653	2,813,044	2,692,736	8,734,903	8,619,389
Infrastructure	80,626,590	80,812,890	-	-	80,626,590	80,812,890
Construction in progress	45,004	33,622	114,686	114,686	159,690	148,308
Total capital assets	104,531,957	104,711,669	77,102,968	76,742,902	181,634,925	181,454,571
Less accumulated depreciation	(50,931,023)	(47,139,969)	(21,406,104)	(19,900,687)	(72,337,127)	(67,040,656)
Capital assets, net of depreciation	<u>\$ 53,600,934</u>	<u>\$ 57,571,700</u>	<u>\$ 55,696,864</u>	<u>\$ 56,842,215</u>	<u>\$ 109,297,798</u>	<u>\$ 114,413,915</u>

More detail regarding the Village's capital assets can be found in Note IV (D) on pages 38-40 of this report.

Village of Weston Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

Outstanding Debt

The Village's outstanding general obligation debt (backed by the full faith and credit of Village taxpayers) as of December 31, 2013 totaled \$15,601,554. In addition, the Village had revenue debt outstanding (backed by revenues generated from the Weston Water, Sewer, and Stormwater Utilities) of \$7,955,000. The Weston Community Development Authority had revenue debt outstanding (backed by revenues generated from future property tax increments in TIF Districts #1 and #2) of \$33,315,000. Therefore, the total outstanding debt of the Village at December 31, 2013 totaled \$56,871,554.

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. Based upon the Village's 2013 equalized value of \$996,473,000, the Village's statutory debt limit totaled \$49,823,650. The Village was at 29.88% of its legal debt limit as of December 31, 2013.

In 2013, the Village issued Taxable General Obligation Promissory Notes of \$845,000 to finance TIF economic development incentive payments for projects related to 2012-2013. The Village also issued \$870,000 General Obligation Promissory Notes that were used for 2012-2013 capital improvement projects.

The following table provides a summary of all outstanding debt and lease obligations:

VILLAGE OF WESTON OUTSTANDING DEBT December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds & notes	\$ 14,148,038	\$ 14,406,743	\$ 1,453,516	\$ 1,794,121	\$ 15,601,554	\$ 16,200,864
CDA lease revenue bonds	33,315,000	36,105,000	-	-	33,315,000	36,105,000
Water utility revenue bonds	54,000	79,000	1,896,000	2,031,000	1,950,000	2,110,000
Sewer utility revenue bonds	210,000	285,000	3,105,000	3,430,000	3,315,000	3,715,000
Stormwater utility revenue bonds	-	-	2,690,000	2,830,000	2,690,000	2,830,000
Total	\$ 47,727,038	\$ 50,875,743	\$ 9,144,516	\$ 10,085,121	\$ 56,871,554	\$ 60,960,864

More detail regarding the Village's outstanding debt can be found in Note IV (F) on pages 43-47 of this report.

Village of Weston

Management's Discussion and Analysis

ECONOMIC FACTORS, 2013 TAX RATES, AND THE 2014 BUDGET

The Village of Weston economy has slowed with hard economic times nationwide. There is still continued interest in the Weston Business Technology Park and its two additions (namely the First Addition to the Business Park and the new Business Park South Addition), but construction of new buildings has slowed. There were no new residential subdivisions added during 2013. Fortunately, there remains to be construction occurring at a reduced pace within the existing residential subdivisions. There had been a decrease in the new single family home building permits issued in 2013, with permits of \$1,804,900 issued in 2013 as compared to \$3,466,900 in 2012. However, this trend is reversing itself for 2014 with residential permits returning to 2012 levels, with 6 permits totaling \$1,150,000 already issued as of May 2014. The Village's end-of-year 2013 unemployment rate of 5.6% was slightly below the state's end-of-year 2013 rate of 5.8%.

The Village's equalized property value increased by \$29,762,600 in 2013 (a 3.08% increase). This increase included \$24,258,600 in net new construction in 2013 (a 2.51% increase). The valuation increase was also a good indicator that the construction industry was beginning to improve, after the Wisconsin Department of Revenue had made a statewide devaluation of property in the years of 2009, 2010, and 2012. The Village's 2013 building permits were \$14.6 million (with 155 permits issued), which was a reduction from the \$22.9 million (with 319 permits issued) as reported in 2012. However, the Village has already sold three business park parcels in the Weston Business Technology Park in 2014 to date, with construction to be completed by year-end. In addition, the 2014 building permits are already trending in excess of \$14.2 million as of May 2014, with 225 building permits issued to date. Of that 2014 total amount so far, \$10.3 million of the permits are for commercial construction.

The Village continues to be negatively affected by the ongoing dramatic decline in state aid (Shared Revenue and Expenditure Restraint payments) from the State of Wisconsin. State shared revenue declined by \$210,000 in 2004 compared to 2003, which was a 13.8% decrease. For budget years 2005-2009, the state shared revenue payment was flat and unchanged, while the State of Wisconsin analyzed its fiscal problems. For budget years 2010-2011, the Village received a further reduction in the state shared revenue payment of \$76,585 (-5.84% decrease). For 2012, another reduction of \$177,480 (-14.37% decrease) in state shared revenue was passed onto the Village. In 2013, a minimal reduction of \$326 (-0.03% decrease) was realized. Finally, in 2014, another minimal reduction of \$493 (-0.05% decrease) was expected. In addition, the state transportation aid payment made to the Village decreased by \$112,340 (-10.00% decrease) in 2013 and decreased by an additional \$101,105 (-10.00% decrease) in 2014.

In addition, the State of Wisconsin has passed new tax levy limits onto local municipalities beginning with the 2006 and 2007 budget years and continuing into the 2008 through 2014 budget years, which limits tax levy increases to the percentage change in annual net new construction growth on an equalized valuation basis. The Village's 2013 tax levy/2014 budget year maximum increase derived by the State of Wisconsin was 2.509%. Beginning with the 2014 budget year, the Village Board decided to adopt a capital equipment replacement program without funding from capital borrowing proceeds, which would increase the Village's debt burden. In its place, the

Village of Weston

Management's Discussion and Analysis

ECONOMIC FACTORS, 2013 TAX RATES, AND THE 2014 BUDGET (cont.)

Village decided to begin utilizing the Debt Service exception option, which is an allowable provision under the tax levy limits law, to exceed the annual maximum tax levy limits from the State. The Debt Service exception option will be used for funding future capital equipment replacement purchases in future years. With the 2013 tax levy/2014 budget, the Village approved increasing the maximum tax levy by \$100,996 to fund the capital equipment replacement purchases scheduled for 2014. Therefore, the Village was successful in adopting its 2013 tax levy in the amount of \$4,689,039, which was an increase of \$213,292 (4.77% increase) from the previous year. The 2013 tax levy increase was made up of the tax levy limit increase of \$112,296 (2.509% increase) from the State and the Debt Service exception amount of \$100,996 for the capital equipment replacement program.

The Village's total assessed value increased from \$1,064,908,100 in 2012 to \$1,087,922,990 in 2013, which was an increase of \$23,014,890 (2.16% increase). No revaluation of Village property occurred in 2013. The last reassessment had occurred in 2007.

Despite this difficult budgetary environment, the Village's 2014 budget increased its total tax levy (excluding TIF Districts) by 4.77%, including the execution of a provision for allowable prior years' debt service payments. Of this increase, the Village's non-TIF assessed valuation growth was \$15,390,327 in 2013, or a 1.77% increase. The Village's TIF assessed valuation increased by \$7,624,563 in 2013, or an increase of 3.87%. The Village continues to be a leader and "model" government entity in the area for reducing the cost of labor through efficiency and for service prioritization (providing only those services that the residents/taxpayers request, including asking the voters in the form of a referendum when deemed applicable).

This translated into a 2013 assessed tax rate of \$5.31 per \$1,000 of assessed valuation (a 2.94% increase from the 2012 assessed tax rate of \$5.16), with a corresponding 2013 equalized tax rate of \$5.80, which was a 2.11% increase from 2012. This equalized tax rate of \$5.80 maintains the Village of Weston in the bottom 25%-quartile of statewide-equalized tax rates for Wisconsin communities greater than 10,000 in population. This is an amazing fact, because the Village of Weston is one of the fastest growing communities in the State of Wisconsin, since the 2000 census, among communities over 10,000 in population. With 2,973 new residents from 2000 to 2013, and with a 2013 population of 15,052, the population increase during that time was 24.61%.

The Village adopts operating budgets for its governmental funds (General, Special Revenue, Debt Service), enterprise funds (Water, Sewer, and Stormwater Utilities), and internal service fund (Fringe Benefits). The 2014 fiscal year combined operating budget includes \$29,806,014 in projected revenues and \$30,459,583 in projected expenditures and transfers. The projected overall decrease in fund equity is due to a budgeted deficit of \$653,569. Several individual funds do have budgeted deficits. Fund balances from several governmental funds will be applied towards the budgeted deficits rather than increasing property tax rates or user fees any further to balance the 2014 operating budget.

Village of Weston

Management's Discussion and Analysis

ECONOMIC FACTORS, 2013 TAX RATES, AND THE 2014 BUDGET (cont.)

Funding for the operating budget of the Village is provided from many sources, including property taxes, grants and aids from the State and County, user fees, permits and licenses, fines and forfeitures, and other miscellaneous revenues. Economic factors affecting the 2014 budget included increased revenues from sources affected by the overall economy, such as ambulance fees, offset in part by the decrease in state shared revenues and the market rate reduction in interest rates for investment earnings.

Expenditures for salaries, which represent the single largest operating cost, continue to be held down with the low inflation economy and active labor relations efforts. An additional factor limiting such costs was the passage of Wisconsin Act 10 in 2011 which mandated employee payment of pension contributions for most employee groups. However, the restraint in salaries is more than offset by cost factors that are largely beyond the Village's direct control, such as employee health insurance increases, state retirement system contribution rate increases, and energy costs. The Village continues to work with its employee groups to better manage health care costs, including the exploration of a narrowed-network provider. There were no new service programs added to the 2014 operating budget.

The Village has also adopted a capital improvements program (CIP) budget for its governmental funds (Capital Projects) and enterprise funds (Water, Sewer, and Stormwater Utilities). The 2014 fiscal year combined CIP budget includes \$1,082,334 in projected revenues and \$1,019,692 in projected expenditures and transfers. The projected overall increase in fund equity is due to a budgeted surplus of \$62,642. Fund balances from several governmental and enterprise funds will be applied towards this budget rather than increasing the capital borrowing amount any further to balance the 2014 CIP budget.

In the Village's enterprise funds, the Village's Sewer Utility customers experienced a rate increase of 25% effective January 2004. This large increase was needed primarily to support the increasing capital reserve funding required by the Rib Mountain Metro Sanitary District plant facilities. Since then, the Sewer Utility rates have remained unchanged for 2005-2013. The Public Service Commission of Wisconsin (PSC) approved an overall 7% increase for the Water Utility rates on January 23, 2009. The PSC's rate order included changes to the utility's operating rules and a 2-tiered rate structure with separate schedules for residential and non-residential customers. This was the first overall rate change for the Water Utility since 1988. Stormwater Utility rates held steady in 2013. 2013 was the tenth year of the Stormwater Utility, for which all Village properties are charged a fee based upon the approximate impervious surface of the property, which contributes to stormwater runoff.

REQUESTS FOR FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the Village of Weston's finances for anyone who would have an interest. Additional information regarding the Village's finances or questions concerning any of the information found in this report should be addressed to the Village of Weston Finance Director, 5500 Schofield Avenue, Weston, WI 54476. Other information related to the Village can be accessed on the Village's website at www.westonwi.gov.