VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2011

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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 Police Department. 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.

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.

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets 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, liabilities, fund equity, 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, liabilities, 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.

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.

Capital Projects Fund – TIF District #1 – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

Capital Projects Fund – Street Projects – accounts for the financial resources and the expenditures for the construction of new streets, sidewalks, and curb/gutters, and for major improvements to existing streets.

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.

Recycling	Civic and Social
TIF District #2	Room Taxes
Business Grants	Park and Recreation
Aquatic Center	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.

Facility Projects	Public Safety Building
Capital Equipment	TIF District #2

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, life insurance program, and post health employment program.

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

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. 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 revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled the resources and the amounts are available. Amounts owed to the Village that are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

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 revenues.

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.

NOTE I – 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 revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received 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 liability for deferred revenue 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 PSCW 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.

Change in Accounting Principles

In February 2009, the GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". This statement establishes fund balance classifications based primarily on the extent to which the government is bound to honor constraints on the use of the resources reported in each governmental fund, as well as establishes additional note disclosures regarding fund balance classification policies and procedures. The Village made the decision to implement this statement effective January 1, 2011. The adoption of this statement had no significant effect on the financial statements.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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 5 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.

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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, 2011, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

The CLASS investment (Cooperative Liquid Assets Securities System) is an investment pool established by an intergovernmental agreement dated March 1, 1996. CLASS is available for investment by Wisconsin governmental entities except school districts. CLASS operates consistent with the provisions of a 2a-7 like pool, and invests only in investments legally permissible under Wisconsin law, with a weighted average maturity not exceeding 120 days. The value of pool shares is the same as the fair value position in the pool.

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 revenues, and due to other taxing units on the accompanying general fund balance sheet.

Property tax calendar – 2011 tax roll:

Lien date and levy date	November 2011
Tax bills mailed	December 10, 2011
Payment in full, or	January 31, 2012
- First installment due	January 31, 2012
- Second installment due to Marathon County	July 31, 2012
Personal property taxes due in full	January 31, 2012
Tax settlement with other governmental units:	
- First settlement	January 17, 2012
- Second settlement	February 17, 2012
- Final settlement	August 20, 2012
Tax deed sale by Marathon County:	
- 2011 delinquent real estate taxes	October 2014

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

D. ASSETS, LIABILITIES, AND NET ASSETS 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 Assets. 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. Therefore, prepaid items of governmental funds are recorded as expenditures when consumed rather than when purchased.

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 assets.

5. Capital Assets

Government-Wide Statements

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

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB Statement No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. The Village has retroactively reported streets, bridges, sidewalks, trails, right-of-way, landscape/streetscape, streetlights, and traffic signals acquired by its governmental fund types.

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 Assets. 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. Other Assets

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

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

D. *ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY* (cont.)

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 are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay 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 vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2011 are determined on the basis of current salary rates and include salary related payments.

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 deferred and 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 both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the Statement of Net Assets.

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Two series of IRB's, issued in 2004 and 2009 are outstanding. At year-end, the principal amounts of these issues could not be determined. However, the original issue amounts totaled $5,500,000 and $4,500,000 respectively.

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

9. Long-Term Obligations/Conduit Debt (cont)

In addition, the Wisconsin Public Service Corporation (WPSC) used the Village of Weston as a conduit debt issuer in November 2006 to refinance $22,000,000 in Pollution Control Refunding Revenue Bonds. The WPSC originally issued these bonds through the Town of Weston in 1981. The Town of Weston refinanced the bonds in 1984 and again in 1993. The 1993 bonds remained outstanding and would have matured in 2013, if the refinancing had not occurred in 2006. Under Wisconsin law, the refinancing of the 1993 bonds needed to be done by the same municipality that issued such bonds. This meant that the Village of Weston was the successor to the Town of Weston in this instance. Except for a lower interest rate, the WPSC did not change any components of the bonds. The new bonds will mature in 2013, which was the same as the 1993 bonds. These WPSC bonds are secured with revenue agreements on the associated projects of the WPSC, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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.

11. Equity Classifications

Government-Wide Statements

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

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and 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, net of any unexpended debt proceeds.

b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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 asset 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 "invested in capital assets, net of related debt", and an increase in "unrestricted" net assets, shown only in the total column.

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

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

11. Equity Classifications (cont.)

Government-Wide Statements (cont.)

	Governmental Activities	Business-type Activities	Adjustment	Total
Invested in capital assets, net of related debt	$17,308,466	$47,111,399	$(11,095,943)	$53,323,922
Unrestricted	(8,915,191)	9,838,598	11,095,943	12,019,350

Fund Financial Statements

For 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.

c. Committed fund balance – amounts that are constrained for specific purposes by a government itself, using its highest level of decision-making authority. These committed funds cannot be used for any other purpose unless the government 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.

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.

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 ASSETS*

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 $57,127,583 difference in liabilities is as follows:

General obligation bonds and notes payable	$16,299,349
Revenue bonds payable	39,174,000
Compensated absences	90,126
Advances from developers on TIF District letters of credit	1,598,034
Accrued interest	605,793
Unamortized debt discounts and premiums	(305,997)
Unamortized debt issuance costs	(262,788)
Unamortized loss on refunding	(70,934)
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	$57,127,583

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.

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

A. BUDGETARY INFORMATION (cont.)

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. There were no supplemental appropriations during the budget year 2011.

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.

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, 2011.

	Excess Expenditures
General Fund	
Village board retreat	$ 554
Village newsletter	713
Clerk's office	6,579
Village attorney	17,817
Finance/audit and budget	2,437
Tax collection	1,498
Tax refunds	209
Fire department	39,969
Public safety committee	316
Public safety warning sirens	37
Building inspector	687
Public works department	18,227
Debt Service Fund	20,356
Special Revenue Funds	
TIF District #1	132,817
Recycling	39,882
Business grants	70,031
Room taxes	5,590
Civic and social	1,141
Park and recreation	12,105
Capital Projects Funds	
TIF District #2	5,117

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

B. EXCESS EXPENDITURES OVER APPROPRIATIONS (cont.)

The excess amounts that occurred in the General Fund and Special Revenue Funds shown here were covered by fund balance in those funds. The excess in the Debt Service Fund was covered by fund balance. The excess in the Capital Projects Fund – TIF District #2 was covered by a transfer from the excess fund balance in the Special Revenue Fund – TIF District #2.

C. DEFICIT BALANCES

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

As of December 31, 2011, the following individual funds held a deficit balance:

Fund	Deficit Balance	Reason
Special Revenue Funds		
TIF District #1	$785,841	Costs exceed tax increments collected
Recycling	1,020	Costs exceed collected revenues
TIF District #2	140,590	Costs exceed tax increments collected
Business grants	60,000	Costs exceed accrued tax levies
Capital Projects Funds		
Facility projects	125,665	Costs exceed collected revenues

The Recycling Fund deficit is expected to be funded with 2012 recycling collection user fees. The deficits in the TIF District #1 and TIF District #2 Funds are expected to be funded with future tax increment revenues. The Facility Projects Fund deficit is expected to be funded with future Room Tax collections. The Business Grants Fund deficit is expected to be funded with future property tax levies.

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 2011 levy collected in 2012 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.

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

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

Insurance

The water, sewer and stormwater utilities are covered under the following insurance policies at December 31, 2011 (unaudited):

Type	Coverage	Expiration Date
Local Government Property Insurance Fund		
Property	$27,761,477	12/31/2011
Contractors Equipment	2,899,967	12/31/2011
League of Wisconsin Municipalities Mutual Insurance		
General Liability	$4,000,000	12/31/2011
Automobile	4,000,000	12/31/2011

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:

	Water Utility	Sewer Utility	Stormwater Utility
Operating revenues	$2,010,248	$1,766,694	$ 588,699
Investment earnings	181,782	330,050	30,486
Less: Operations and maintenance expenses	(999,345)	(882,409)	(123,763)
Net Defined Earnings	$1,192,685	$1,214,335	$ 495,422
Minimum Required Earnings per Resolution:			
Highest annual debt service	$ 246,502	$ 551,560	$ 264,165
Coverage factor	1.25	1.25	1.20
Minimum Required Earnings	$ 308,128	$ 689,450	$ 316,998

Number of Customers

The utilities had the following number of customers and billed volumes for 2011 (unaudited).

	Water Utility		Sewer Utility		Stormwater Utility	
	Customers	Sales (000 gals)	Customers	Sales (000 gals)	Customers	ERUs
Residential	4,409	222,421	4,489	194,895	4,524	4,242
Commercial	609	162,836	543	134,825	491	6,949
Industrial	4	179,268	4	22,870	1	126
Public Authority	44	25,375	22	11,923	24	719
Miscellaneous Other	-	-	-	-	14	166
Totals	5,066	589,900	5,058	364,513	5,054	12,202

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

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

Utility Budget

The 2011 water and sewer utility budgets were prepared and approved as required by the bond resolutions. The budget information is as follows:

	Revenues/Sources		Expenses/Uses	
	Actual *	Budget	Actual	Budget
Water Utility	$2,195,992	$ 2,170,825	$ 2,058,027	$ 2,203,510
Sewer Utility	2,145,942	1,885,100	1,815,010	2,045,925
Stormwater Utility	619,185	588,212	689,593	723,491

* Excluding capital contribution revenue sources in the Sewer Utility of $7,613 and Stormwater Utility of $659,447.

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	$ 9,257,411	$ 8,963,621	Custodial credit
Certificates of deposits	5,898,232	5,898,232	Custodial credit
Petty cash	5,700	-	N/A
Total cash	15,161,343	$14,861,853	
Wisconsin Local Government Investment Pool (LGIP)	2,008		Credit, Interest rate
MBIA Investment Pool (CLASS)	2,007		Credit, Interest rate
Municipal securities	550,055		Credit, Custodial credit, Interest rate
Negotiable certificate of deposits	1,127,824		Credit, Custodial credit, Interest rate
U.S. Government treasury securities	66,343		Custodial credit, Interest rate
U.S. Government agency securities	10,354,394		Credit, Custodial credit, Interest rate, Concentration of credit
Total investments	12,102,631		
Total cash and investments	$27,263,974		

Reconciliation to financial statements:

Per statement of net assets	
Unrestricted cash and investments	$20,106,470
Restricted cash and investments	7,157,504
Total cash and investments	$27,263,974

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

A. DEPOSITS AND INVESTMENTS (cont.)

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 interest bearing accounts and unlimited for all non-interest bearing 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, 2011, 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.

Some financial institutions acting as a depository for the Village are required to pledge collateral to secure all Village funds over and above amounts guaranteed 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, 2011, $8,936,807 of the Village's bank balances of $14,861,853 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized demand deposits	$ 7,004,635
Uninsured and uncollateralized certificates of deposit	1,932,172
	$ 8,936,807

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.

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

A. *DEPOSITS AND INVESTMENTS* (cont.)

As of December 31, 2011, $10,970,792 of the Village's investment balance of $12,102,631 was exposed to custodial credit risk as uninsured and uncollateralized.

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

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, 2011, the Village's investments were rated as follows:

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, 2011, 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)
MBIA Investment Pool (CLASS)

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 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, 2011, the investment portfolio had concentrations of investments greater than 5% of the total portfolio as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Assoc.	U.S. Government agency notes and mortgage-backed securities	70.54%
Federal Farm Credit Bank	U.S. Government agency notes and mortgage-backed securities	8.33%
Federal Home Loan Bank	U.S. Government agency notes and mortgage-backed securities	6.69%

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 have a policy related to interest rate risk. This 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, 2011, the Village's investments were comprised of two portfolios, one managed internally and one managed via external investment advisors, as follows:

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

A. DEPOSITS AND INVESTMENTS (cont.)

Investment Type	Fair Value	Weighted Average Maturity (days)	Average Maturity (years)
Internally managed portfolio:			
Wisconsin Local Government Investment Pool (LGIP)	$2,008	97	
MBIA Investment Pool (CLASS)	2,007	23	
U.S. Government agency notes	10,354,394		12.11
Negotiable certificates of deposit	1,127,824		2.07
Municipal securities	550,055		13.51
Externally managed portfolios:			
U.S. Government treasury securities	66,343	52	
Total fair value	$12,102,631		

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.

At December 31, 2011, 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 and deferred payment loans.

Revenues of the Village are reported net of an allowance for uncollectible amounts. Total allowance for uncollectible amounts related to revenues of the current period is as follows:

General Fund – Allowance for Uncollectibles related to ambulance receivables	$ 6,658
Total Uncollectibles of the Current Fiscal Year	$ 6,658

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

	Unavailable	Unearned	Totals
Property taxes receivable	$ -	$9,756,360	$9,756,360
Unearned revenue	-	10,962	10,962
Special assessments/special charges not yet due	926,889	-	926,889
Receivables not received within 60 days of year-end	320,591	-	320,591
Total Deferred/Unearned Revenue for Governmental Funds	$1,247,480	$9,767,322	$11,014,802

On the statement of net assets $80,063 of unearned revenue is reported from the internal service funds for total unearned revenue of $9,847,385.

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 assets:

	Amount
Restricted Assets	
Revenue bond reserve account	$ 955,821
Revenue bond redemption account	857,111
Revenue bond construction account	861,141
Total Restricted Assets	2,674,073
Less: Restricted Assets Not Funded by Revenues	
Revenue bond reserve account	(955,821)
Revenue bond construction account	(861,141)
Total Restricted Assets Not Funded by Revenues	(1,816,962)
Current Liabilities Payable From Restricted Assets	(108,211)
Total Restricted Net Assets as Calculated	$ 748,900

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 4,416,253	$ -	$ -	$ 4,416,253
Right-of-ways	591,293	68,182	-	659,475
Construction in progress	627,201	5,235,086	(5,792,477)	69,810
Total Capital Assets Not Being Depreciated	5,634,747	5,303,268	(5,792,477)	5,145,538
Capital Assets Being Depreciated:				
Land improvements	5,864,806	49,958	-	5,914,764
Buildings	6,910,471	-	-	6,910,471
Equipment, furniture, and fixtures	5,748,286	242,686	(157,651)	5,833,321
Road/streets, Curb/gutters, Driveway approaches	68,555,699	3,193,530	(162,982)	71,586,247
Bridges	385,887	2,126,245	-	2,512,132
Street lighting	1,471,756	64,596	-	1,536,352
Traffic signals	1,068,986	41,700	(57,176)	1,053,510
Sidewalks	3,013,210	235,047	-	3,248,257
Total Capital Assets Being Depreciated	93,019,101	5,953,762	(377,809)	98,595,054
Less Accumulated Depreciation for:				
Land improvements	1,629,218	290,138	-	1,919,356
Buildings	2,214,453	153,412	-	2,367,865
Equipment, furniture, and fixtures	3,639,829	316,601	(148,413)	3,808,017
Road/streets, Curb/gutters, Driveway approaches	30,223,364	2,872,367	(128,005)	32,967,726
Bridges	54,682	36,226	-	90,908
Street lighting	436,748	73,759	-	510,507
Traffic signals	460,732	42,211	(25,731)	477,212
Sidewalks	1,051,089	157,095	-	1,208,184
Total Accumulated Depreciation	39,710,115	3,941,809	(302,149)	43,349,775
Capital Assets, Net of Depreciation	$ 58,943,733	$ 7,315,221	$ (5,868,137)	$ 60,390,817

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 64,521
Public safety	194,640
Public works, which includes the depreciation of infrastructure	3,551,057
Parks, recreation, and education	131,591
Total Governmental Activities Depreciation Expense	$ 3,941,809

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

D. *CAPITAL ASSETS* (cont.)

Water Utility	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 261,219	$ 307,040	$ -	$ 568,259
Intangible plant - organizational costs	319	-	-	319
Construction in progress	102,995	263,190	(262,493)	103,692
Total Capital Assets Not Being Depreciated	364,533	570,230	(262,493)	672,270
Capital Assets Being Depreciated:				
Wells and springs	587,109	-	-	587,109
Buildings and systems	1,019,849	5,812	-	1,025,661
Improvements other than buildings	23,426,756	416,202	(37,157)	23,805,801
Machinery and equipment	1,732,627	2,905	(209)	1,735,323
Total Capital Assets Being Depreciated	26,766,341	424,919	(37,366)	27,153,894
Less Accumulated Depreciation for:				
Wells and springs	136,199	17,026	-	153,225
Buildings and systems	250,485	32,665	-	283,150
Improvements other than buildings	4,408,688	418,449	(37,157)	4,789,980
Machinery and equipment	678,545	85,181	(209)	763,517
Total Accumulated Depreciation	5,473,917	553,321	(37,366)	5,989,872
Capital Assets, Net of Depreciation	$ 21,656,957	$ 441,828	$ (262,493)	$ 21,836,292

Sewer Utility	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Construction in progress	$ 7,140	$ 110,510	$ (117,650)	$ -
Total Capital Assets Not Being Depreciated	7,140	110,510	(117,650)	-
Capital Assets Being Depreciated:				
Buildings and systems	1,551,199	-	-	1,551,199
Improvements other than buildings	28,216,464	141,101	(3,100)	28,354,465
Machinery and equipment	607,502	352,367	(305,531)	654,338
Total Capital Assets Being Depreciated	30,375,165	493,468	(308,631)	30,560,002
Less Accumulated Depreciation for:				
Buildings and systems	201,190	30,863	-	232,053
Improvements other than buildings	7,675,291	573,239	(869)	8,247,661
Machinery and equipment	455,722	54,612	(230,934)	279,400
Total Accumulated Depreciation	8,332,203	658,714	(231,803)	8,759,114
Capital Assets, Net of Depreciation	$ 22,050,102	$ (54,736)	$ (194,478)	$ 21,800,888

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

D. *CAPITAL ASSETS* (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Stormwater Utility				
Capital Assets Not Being Depreciated:				
Land	$ 54,774	$ -	$ -	$ 54,774
Total Capital Assets Not Being Depreciated	54,774	-	-	54,774
Capital Assets Being Depreciated:				
Improvements other than buildings	16,062,757	659,447	(10,631)	16,711,573
Machinery and equipment	147,354	-	-	147,354
Total Capital Assets Being Depreciated	16,210,111	659,447	(10,631)	16,858,927
Less Accumulated Depreciation for:				
Improvements other than buildings	3,324,528	337,792	(2,343)	3,659,977
Machinery and equipment	81,191	15,048	-	96,239
Total Accumulated Depreciation	3,405,719	352,840	(2,343)	3,756,216
Capital Assets, Net of Depreciation	$ 12,859,166	$ 306,607	$ (8,288)	$ 13,157,485
Total Business-Type Activities	$ 56,566,225	$ 693,699	$ (465,259)	$ 56,794,665

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	$ 534,570
Sewer	677,465
Stormwater	352,840
Total Business-Type Activities Depreciation Expense	$ 1,564,875

The difference between the depreciation expense reported for water on the income statement ($534,570) and what is reported in the footnote ($553,321) 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 ($677,465) and what is reported in the footnote ($658,714) is related to the depreciation expense allocated from water to sewer on the water meters.

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:

Receivable Fund	Payable Fund	Amount
General	Special revenue – CDA/TIF District #1	$ 55,683
General	Special revenue – CDA/TIF District #2	3,248
General	Enterprise – sewer utility	5,945
General	Enterprise – water utility	424,458
Sub-Total - Fund Financial Statements		489,334
Less: Elimination to government-wide statements		(58,931)
Total Fund Financial Statements		$430,403

Receivable Fund	Payable Fund	Amount
Government activities	Business-type activities	$ 430,403
Less: Business-type activities	Government activities	-
Total Government-Wide Financial Statements		$ 430,403

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 ($424,458) and due from the sewer utility to the general fund ($5,945), and tax roll collections that were not distributed before year-end.

For the statement of net assets, 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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Debt service	Special revenue – business grants	$ 60,000	$ 60,000
Debt service	Capital projects – facility projects	126,033	126,033
Sub-Totals – Fund Financial Statements		$ 186,033	$ 186,033
Less: Elimination to government-wide statements		(186,033)	
Total Fund Financial Statements		$ -	

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

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

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:

Transfers In	Transfers Out	Amount	Principal Purpose
General Fund			
	Business grants	$ 50	Operating subsidy
	Water utility	424,458	Payment in lieu of taxes
	Sewer utility	5,945	Payment in lieu of taxes
	Subtotal	430,453	
Debt Service			
	TIF District #1	2,116,437	Debt service
	TIF District #2	659,761	Debt service
	CDA/TIF District #1	3,472,770	Debt service
	CDA/TIF District #2	237,955	Debt service
	Subtotal	6,486,923	
TIF District # 1			
	CDA/TIF District #1	52,764	Operating subsidy
Non-major Special Revenue	CDA/TIF District #2	1,586	Operating subsidy
	Room taxes	40,000	Operating subsidy
	General fund	47,307	Partial close out of fund
Non-major Capital Projects	Room taxes	31,000	Skateboard Park costs
	Public safety building	50	Close out fund
	TIF District #2	23,669	Sidewalk construction costs
	Street projects	9,500	Public Safety equipment
	Subtotal	153,112	
Sub-Total – Fund Financial Statements		7,123,252	
Less: Reclassification of capital contribution		(659,447)	
Less: Elimination to government-wide statements		(6,692,849)	
Total		$ (229,044)	

Transferred From	Transferred To	Amount
Business-type activities	Government activities	$ 430,403
Less: Government activities	Business-type activities	(659,447)
Total Government-Wide Financial Statements		$ (229,044)

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.

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payble:					
General obligation debt	$ 18,511,048	$ -	$ 2,211,699	$ 16,299,349	$ 1,892,606
Revenue bonds	41,159,000	-	1,985,000	39,174,000	2,705,000
Bond anticipation notes	1,885,000	-	1,885,000	-	-
Add (Subtract) Deferred Amount for:					
Discounts	(353,674)	-	(41,447)	(312,227)	(37,785)
Premiums	8,149	-	1,919	6,230	1,919
Loss on 2010 Refunding	(83,270)	-	(12,336)	(70,934)	(12,336)
Sub-Total	61,126,253	-	6,029,835	55,096,418	4,549,404
Other Liabilities:					
Accumulated unpaid sick leave	128,344	26,558	64,776	90,126	12,319
Advances from developers on TIF District letters of credit	1,767,834	-	169,800	1,598,034	55,834
Total Other Liabilities	1,896,178	26,558	234,576	1,688,160	68,153
Total Governmental Activities Long-Term Liabilities	$ 63,022,431	$ 26,558	$ 6,264,411	$ 56,784,578	$ 4,617,557
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payble:					
General obligation debt	$ 2,267,178	$ -	$ 194,826	$ 2,072,352	$ 278,231
Revenue bonds	9,461,000	-	575,000	8,886,000	595,000
Add (Subtract) Deferred Amount for:					
Discounts	(75,863)	-	(5,662)	(70,201)	(5,661)
Loss on 2007 Refunding	(40,289)	-	(8,481)	(31,808)	(8,482)
Loss on 2008 Refunding	(199,870)	-	(19,660)	(180,210)	(19,659)
Loss on 2010 Refunding	(43,488)	-	(6,442)	(37,046)	(6,443)
Sub-Total	11,368,668	-	729,581	10,639,087	832,986
Other Liabilities:					
Accumulated unpaid sick leave	21,535	2,002	8,525	15,012	2,002
Total Business-Type Activities Long-Term Liabilities	$ 11,390,203	$ 2,002	$ 738,106	$ 10,654,099	$ 834,988

For the governmental activities, accumulated unpaid sick 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.

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

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

General Obligation Debt (cont.)

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, 2011, was $51,518,635. Total general obligation debt outstanding at year-end was $18,371,701.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted-ness	Balance 12/31/11
GOVERNMENTAL ACTIVITIES					
General Obligation Debt					
Taxable General Obligation Promissory Notes, Series 2010B	12/21/2010	12/1/2020	1.15 – 4.35%	$ 5,400,000	$ 5,400,000
General Obligation Refunding Bonds, Series 2010	11/23/2010	10/1/2017	0.60 – 2.10%	1,750,000	1,705,000
State Trust Fund Loan, Series 2009	8/21/2009	3/15/2019	4.50%	2,163,431	1,769,492
General Obligation Promissory Notes, Series 2008	8/11/2008	4/1/2018	3.00 – 4.00%	1,830,000	1,715,000
General Obligation Promissory Notes, Series 2008	6/6/2008	6/6/2013	3.09%	164,000	65,600
General Obligation Promissory Notes, Series 2007	9/6/2007	10/1/2017	3.80 – 4.125%	2,142,700	1,616,500
General Obligation Refunding Bonds, Series 2006C	1/1/2006	10/1/2015	3.75 – 4.00%	2,475,000	1,035,000
General Obligation Promissory Notes, Series 2006A	1/1/2006	4/1/2015	3.50 – 4.00%	905,000	610,000
General Obligation Promissory Notes, Series 2005 (Everest Metro)	4/22/2005	4/22/2015	3.95%	211,200	84,480
General Obligation Promissory Notes, Series 2005	4/15/2005	4/1/2015	3.00 – 4.20%	696,000	442,500
General Obligation Promissory Notes, Series 2004A	8/1/2004	4/1/2014	4.00 – 4.75%	800,000	515,000
General Obligation Promissory Notes, Series 2004 (Fire Truck)	2/9/2004	2/9/2014	3.58%	579,000	173,700
Taxable General Obligation Water System Promissory Notes, Series 2003	5/1/2003	5/1/2013	0.00%	400,000	85,626
General Obligation Corporate Purpose Bonds, Series 2003A	6/15/2003	10/1/2018	2.00 – 3.625%	1,566,451	926,451
General Obligation Corporate Purpose Bonds, Series 2002A	5/15/2002	10/1/2017	3.00 – 4.70%	1,687,750	155,000
Total Governmental Activities – General Obligation Debt					$ 16,299,349

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

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

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Indebted-ness	Balance 12/31/11
BUSINESS-TYPE ACTIVITIES					
General Obligation Debt					
General Obligation Refunding Bonds, Series 2010	11/23/2010	10/1/2017	0.60 – 2.10%	$ 660,000	$ 645,000
State Trust Fund Loan, Series 2009	8/21/2009	3/15/2019	4.50%	336,569	275,283
General Obligation Promissory Notes, Series 2007	9/6/2007	10/1/2017	3.80 – 4.125%	282,300	208,500
General Obligation Promissory Notes, Series 2006A	1/1/2006	4/1/2015	3.50 – 4.00%	70,000	70,000
State Trust Fund Loan, Series 2006	1/5/2006	3/15/2015	4.25%	275,399	136,233
State Trust Fund Loan, Series 2005	10/17/2005	3/15/2015	4.25%	824,601	411,287
General Obligation Promissory Notes, Series 2005	4/15/2005	4/1/2015	3.00 – 4.20%	264,000	32,500
General Obligation Corporate Purpose Bonds, Series 2003A	6/15/2003	10/1/2018	2.00 – 3.625%	293,549	293,549
Total Business-Type Activities – General Obligation Debt					$ 2,072,352

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt			Business-Type Activities General Obligation Debt		
Years	Principal	Interest	Total	Principal	Interest	Total
2012	$ 1,892,606	$ 572,188	$ 2,464,794	$ 278,231	$ 66,407	$ 344,638
2013	1,915,805	506,400	2,422,205	340,605	57,396	398,001
2014	2,144,839	437,527	2,582,366	431,904	46,466	478,370
2015	2,112,485	367,937	2,480,422	443,006	32,621	475,627
2016	1,939,823	302,545	2,242,368	265,051	18,690	283,741
2017-2020	6,293,791	597,328	6,891,119	313,555	18,788	332,343
Totals	$ 16,299,349	$ 2,783,925	$ 19,083,274	$ 2,072,352	$ 240,368	$ 2,312,720

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

F. *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, 2011 consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Indebted-ness	Balance 12/31/11
GOVERNMENTAL ACTIVITIES					
Revenue Debt					
Sanitary Sewerage System Revenue Bonds, Series 2008	6/23/2008	3/1/2021	3.25 – 4.10%	$ 425,000	$ 350,000
Community Development Authority Lease Revenue Bonds, Series 2007B	9/6/2007	10/1/2017	5.70 – 6.10%	1,325,000	1,325,000
Community Development Authority 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	99,000
Community Development Authority Lease Revenue Bonds, Series 2005C	4/15/2005	10/1/2020	2.80 – 4.65%	920,000	645,000
Community Development Authority Lease Revenue Bonds, Series 2005A	4/15/2005	10/1/2021	3.55 – 4.879%	7,905,000	7,320,000
Community Development Authority Lease Revenue Bonds, Series 2004B	8/9/2004	10/1/2025	3.00 – 4.75%	1,815,000	1,590,000
Community Development Authority Lease Revenue Bonds, Series 2004A	8/9/2004	10/1/2021	3.00 – 5.25%	14,315,000	13,565,000
Community Development Authority Lease Revenue Bonds, Series 2003A	5/22/2003	10/1/2019	3.20 – 4.45%	6,440,000	5,360,000
Community Development Authority Lease Revenue Bonds, Series 2002	12/20/2002	10/1/2018	1.40 – 4.75%	8,065,000	6,485,000
Total Governmental Activities – Revenue Debt					$ 39,174,000

	Date of Issue	Final Maturity	Interest Rates	Indebted-ness	Balance 12/31/11
BUSINESS-TYPE ACTIVITIES					
Revenue Debt					
Sanitary Sewerage System Revenue Bonds, Series 2008	6/23/2008	3/1/2021	3.25 – 4.10%	$4,525,000	$ 3,755,000
Stormwater Revenue Bonds, Series 2007	12/28/2007	10/1/2027	4.00 – 4.375%	3,440,000	2,965,000
Water System Revenue Bonds, Series 2006B	1/1/2006	3/1/2025	3.50 – 4.20%	2,506,000	2,166,000
Total Business-Type Activities – Revenue Debt					$ 8,886,000

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

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

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

	Governmental Activities Revenue Debt			Business-Type Activities Revenue Debt		
Years	Principal	Interest	Total	Principal	Interest	Total
2012	$ 2,705,000	$ 1,752,325	$ 4,457,325	$ 595,000	$ 347,304	$ 942,304
2013	2,890,000	1,645,073	4,535,073	600,000	325,129	925,129
2014	3,040,000	1,525,949	4,565,949	635,000	301,779	936,779
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
2017-2021	20,775,000	3,328,838	24,103,838	3,935,000	781,957	4,716,957
2022-2026	1,895,000	225,887	2,120,887	1,490,000	233,284	1,723,284
2027	-	-	-	245,000	10,719	255,719
Totals	$ 39,174,000	$ 11,106,898	$ 50,280,898	$ 8,886,000	$ 2,527,650	$ 11,413,650

Other Debt Information

Estimated payments of 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.

Prior Year Defeasance of Debt

In December 2002, the Community Development Authority (CDA), on behalf of the Village of Weston, issued $8,065,000 CDA Lease Revenue Bonds in order to partially defease certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village's financial statements. At December 31, 2011, $205,000 of bonds outstanding are considered defeased. The bonds that have been defeased and the callable dates on those bond issues are as follows:

General Obligation Bonds	Amount Defeased	Callable Dates	Paid-in-full Date
Community development bonds, Series 1998D	$3,395,000	November 1, 2008	November 1, 2008
Corporate purpose bonds, Series 2000A	200,000	October 1, 2009	October 1, 2009
Corporate purpose bonds, Series 2001A	1,950,000	October 1, 2011	October 1, 2011
Corporate purpose bonds, Series 2002A	205,000	October 1, 2012	N/A
Total Defeased Debt	$5,750,000		

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

F. LONG-TERM OBLIGATIONS (cont.)

Advance Refunding

In November 2010, the Village of Weston, issued $2,410,000 General Obligation Refunding Bonds in order to partially defease certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village's financial statements. At December 31, 2011, $680,000 of bonds outstanding are considered defeased. The bonds that have been defeased and the callable dates on those bond issues are as follows:

General Obligation Bonds	Amount Defeased	Callable Dates	Paid-in-full Date
Corporate purpose bonds, Series 2001A	$1,550,000	October 1, 2011	October 1, 2011
Corporate purpose bonds, Series 2002A	680,000	October 1, 2012	N/A
Total Defeased Debt	$2,230,000		

G. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental Activities Net Assets

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2011 includes the following:

Invested in capital assets, net of related debt		
Land		$ 4,416,253
Right-of-ways		659,475
Construction in progress		69,810
Other capital assets, net of accumulated depreciation		55,245,279
Less: related long-term debt outstanding, discount and premium, and loss net of debt used for utility asset contributions ($11,095,943)	($44,000,475)	
Add: unspent debt proceeds	918,124	(43,082,351)
Total Invested in Capital Assets		17,308,466
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)		120,941
Fire department/Act 102 grant program – General Fund		4,661
Total Restricted		4,585,568
Unrestricted (deficit)		(8,915,191)
Total Governmental Activities Net Assets – December 31, 2011		$12,978,843

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

G. *GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES* (cont.)

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2011, include the following:

Major Funds – Details of Fund Balance:

Nonspendable:	
General Fund	
Prepaid items/inventories	$ 76,922
Debt Service Fund	
Advances to Other Funds	186,033
Total Nonspendable	$ 262,955
Restricted:	
General Fund	
Fire department – Act 102 grant program	$ 4,661
Debt Service Fund	
Debt service	361,826
Special Revenue Fund – Community Development Authority – TIF District #1	
Debt service	4,208,713
Capital Projects Fund – TIF District #1	
Debt service	120,941
Total Restricted	$4,696,141
Committed:	
Capital Projects Fund – TIF District #1	
Encumbrances	$ 20,204
Capital Projects Fund – Street Projects	
Encumbrances	56,726
Total Committed	$ 76,930
Assigned:	
General Fund	
Subsequent year's expenditures	$ 98,782
Fire department – Miscellaneous donations	11,860
Total Assigned – General Fund	110,642
Capital Projects Fund – TIF District #1	
Subsequent year's expenditures	110,211
Capital Projects Fund – Street Projects	
Subsequent year's expenditures	690,665
Total Assigned	$ 911,518
Unassigned:	
General Fund	$2,723,354
Special Revenue Fund – TIF District #1	(785,841)
Total Unassigned	$1,937,513

Non-Major Funds – Details of Fund Balance:

Nonspendable:	
Capital Projects Fund – Capital Equipment	
Prepaid items	$ 865
Restricted:	
Special Revenue Fund – Community Development Authority – TIF District #2	
Debt service	$ 251,253

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

G. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (cont.)

Governmental Fund Balances (cont.)

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

Committed:	
Special Revenue Fund – Civic and Social	$ 5,573
Assigned:	
Special Revenue Fund – Aquatic Center	$ 34,398
Special Revenue Fund – Room Taxes	59,072
Special Revenue Fund – Park and Recreation	33,134
Capital Projects Fund – Capital Equipment	43,724
Total Assigned	$ 170,328
Unassigned:	
Special Revenue Fund – Recycling	$ (1,020)
Special Revenue Fund – TIF District #2	(140,590)
Special Revenue Fund – Business Grants	(60,000)
Capital Projects Fund – Facility Projects	(125,665)
Total Unassigned	$ (327,275)

H. BUSINESS-TYPE ACTIVITIES NET ASSETS

The following calculation supports the enterprise fund net assets invested in capital assets, net of related debt:

	Water Utility	Sewer Utility	Stormwater Utility	Total
Plant in Service	$ 27,722,472	$ 30,560,002	$ 16,913,701	$ 75,196,175
Accumulated Depreciation	(5,989,872)	(8,759,114)	(3,756,216)	(18,505,202)
Construction in Progress	103,692	-	-	103,692
Sub-Total	21,836,292	21,800,888	13,157,485	56,794,665
Less: Capital Related Debt				
Current portion of capital related long-term debt	165,500	325,000	382,731	873,231
Long-term portion of capital related long-term debt	2,209,000	3,462,500	4,413,621	10,085,121
Unamortized loss on refunding	-	(180,210)	(68,853)	(249,063)
Unamortized discounts on bonds	(17,719)	(21,551)	(30,932)	(70,202)
Sub-Total	2,356,781	3,585,739	4,696,567	10,639,087
Add: Unspent Debt Proceeds				
Reserve from borrowing	219,459	471,862	264,500	955,821
Total Net Assets Invested in Capital Assets, Net of Related Debt	$ 19,698,970	$ 18,687,011	$ 8,725,418	$ 47,111,399

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible Village employees participate in the Wisconsin Retirement System (System), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All permanent employees expected to work over 1,200 hours a year (600 hours for employees hired before July 1, 2011) are eligible to participate in the System. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan through June 28, 2011. Beginning on June 29, 2011, and thereafter, covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of the employees through June 28, 2011. Thereafter, employees are required to fund their contribution subject to terms of employment contracts and which employee group they are a member of. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the Village employees covered by the System for the year ended December 31, 2011, was $2,420,821; the employer's total payroll was $2,782,360. The total required contribution for the year ended December 31, 2011, was $307,922, which consisted of $167,514 or 6.9% of payroll from the employer and $140,408 or 5.8% of payroll from employees. Total contributions for the years ending December 31, 2010 and 2009, were $286,258 and $277,034, 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 earning, (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 a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 through June 30, 2011 are immediately vested. For participants employed on or after July 1, 2011, five years of creditable service is required for eligibility.

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

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.

NOTE V – OTHER INFORMATION (cont.)

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.

During 2010 and previous years, the Village borrowed 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.

In 2011, the sewer utility paid $77,993 to the Rib Mountain Metropolitan Sewerage District for debt service charges (principal and interest) based upon usage. The balance of the debt obligation held by the Rib Mountain Metropolitan Sewerage District was $2,672,207 at December 31, 2011, and the Village's applicable share of this debt was $1,135,688.

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.

E. JOINT VENTURES

Everest Metro Police Department

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. Each municipality pays a proportionate share of the costs for police services. The current proration of costs is for the Village of Weston to pay 77.53%, the City of Schofield to pay 18.61%, and the Town of Weston to pay 3.86% of the EMPD budget.

NOTE V – OTHER INFORMATION (cont.)

E. JOINT VENTURES (cont.)

Everest Metro Police Department (cont.)

The department 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 six member administrative committee is appointed to control management and policy of the department.

The Village contributed $2,227,394 in 2011 for the operations of the EMPD. 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 EMPD 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 EMPD's year ending December 31, 2011, which are the most recently audited financial statements, is as follows:

Assets	
Current assets	$ 613,293
Capital assets, net of depreciation	247,110
Total assets	$ 860,403
Liabilities	
Current liabilities	$ 156,030
Noncurrent portion of long-term obligations	88,049
Total liabilities	$ 244,079
Net Assets	
Invested in capital assets, net of related debt	$ 178,701
Unrestricted	437,623
Total net assets	$ 616,324
Revenue	
Received from Village of Weston	$2,227,394
Received from City of Schofield	543,256
Received from Town of Weston	108,028
Other revenue	294,743
Total revenue	3,173,421
Expenditures	3,183,049
Deficiency of revenues over expenditures	(9,628)
Other financing sources (uses)	-
Net change in fund balance	$ (9,628)

The financial and payroll administration of the EMPD is performed by the employees of the Village of Weston. In 2011, the EMPD paid the Village $35,000 for administrative services and $86,493 for rent.

NOTE V – OTHER INFORMATION (cont.)

F. SUBSEQUENT EVENTS

In April 2010, the Village Board voted to file a lawsuit against the Village of Rothschild for failing to pay to the Village of Weston 25% of the 2009 State of Wisconsin Special Utility Shared Revenue Payment (power plant revenue) received from the State as required by the 1993 Settlement Agreement between the two municipalities.

Then, on May 2, 2011, the Marathon County Circuit Court ordered that the Village of Weston's summary judgment motion was granted, and the Village of Rothschild owed Weston $113,714 for 2009, plus contractual interest of 1% per month since the payment was due. This amount owed to Weston was included in financial statements issued as of December 31, 2010. The court judge also declared that payments for all subsequent years (beginning with 2010) must be calculated in the same manner.

In October 2011, the Village of Rothschild filed an appeal with the Court of Appeals to reverse the summary judgment issued on May 2, 2011. On May 15, 2012, the Court of Appeals affirmed the original summary judgment ordered on May 2, 2011, that the Village of Rothschild owes the remaining balance of unpaid power plant revenue to the Village of Weston for the years of 2009 and 2010.

Management evaluated subsequent events through June 28, 2012, the date the accompanying financial statements were available to be issued. Events or transactions occurring after December 31, 2011, but prior to June 28, 2012, that provided additional evidence about conditions that existed at December 31, 2011, have been recognized in the accompanying financial statements for the year ended December 31, 2011. Events or transactions that provided evidence about conditions that did not exist at December 31, 2011, 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, 2011.

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:

Years	TIF #1 District	TIF #2 District	Grand Total
2012	$ 4,123,853	$ 233,275	$ 4,357,128
2013	4,184,900	238,325	4,423,225
2014	4,210,103	247,718	4,457,821
2015	4,810,335	251,253	5,061,588
2016	5,022,788	244,278	5,267,066
2017 and thereafter	24,448,644	1,776,079	26,224,723
Total	$46,800,623	$2,990,928	$49,791,551

The rental expense for the year ended December 31, 2011, was $3,472,770 for TIF District #1 and $237,955 for TIF District #2

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