

**FINANCIAL  
SECTION**

## Independent Auditors' Report

Members of the Village Board  
Village of Weston, Wisconsin  
Weston, Wisconsin

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Weston, Wisconsin as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Weston, Wisconsin as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters*****Required Supplementary Information***

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

***Other Information***

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2013, on our consideration of Village of Weston, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Weston, Wisconsin's internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

Stevens Point, Wisconsin  
July 29, 2013

## **MANAGEMENT'S DISCUSSION & ANALYSIS**



## Village of Weston Management's Discussion and Analysis

As management of the Village of Weston, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Weston for the fiscal year ended December 31, 2012. It is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the Village's financial activity, (3) identify changes in the Village's financial position, and (4) identify any changes in the Village's financial plan (approved budget).

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal at the front of this report and the Village's financial statements, which begin on page 1 of this report. A comparative analysis has been presented for 2011 and 2012.

### THE FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village of Weston exceeded its liabilities and deferred inflows of resources as of the fiscal year ended December 31, 2012 by \$70,762,547 (reported as "*net position*"). Of this amount, \$10,386,949 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors. Net position from Governmental Activities was \$12,298,386, while the Business-Type Activities net position was \$58,464,161.
- The Village's total net position increased by \$402,278 during fiscal year 2012, resulting from governmental and business-type activities. There was a decrease of \$417,669 in net position from Governmental Activities, while there was an increase of \$819,947 in net position from Business-Type Activities.
- At the close of the current fiscal year, the Village of Weston's governmental funds reported combined fund balances of \$5,845,621, which was a decrease of \$2,140,180 in comparison with the prior year. The unassigned fund balance was a deficit of (-\$206,036) primarily due to the large deficit balances in the Special Revenue Fund-TIF District #1 (-\$1,022,842) and in the Capital Projects Fund-TIF District #1 (-\$787,911). At the end of the year, management had designated \$1,107,146 of the total fund balance as committed or assigned for specific purposes and \$4,944,511 as restricted or nonspendable due to allocations of prepaid expenditures or constrained by external factors, such as grants or regulations defining specific use.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$2,940,960, or approximately 38.9% of the Village's 2012 total general fund expenditures of \$7,558,437. The unassigned fund balance in the Village's General Fund was \$2,348,372, which was a \$374,982 decrease from the previous year.
- The Village's total outstanding long-term debt decreased by \$5,470,837 during the current fiscal year. There were no new debt obligations issued during 2012.

# Village of Weston

## Management's Discussion and Analysis

### THE FINANCIAL HIGHLIGHTS (cont.)

- The Village's share of the assessed tax rate as of December 2012 (for the 2013 budget year) was set at \$5.16, which was a tax rate increase of \$0.06 from the previous year. The Village Board and staff are proud of the fact that the Village's share of the tax rate has remained relatively unchanged in the past five years, even after large cuts in state aids of over \$300,000 in 2012 and \$118,370 in 2013. The Village is adopting its annual budget for operating and debt service costs at the "same pace" as the assessed valuation growth of the Village, while adjusting the budget for reductions in state aid. In the meantime, the Village's combined assessed tax rate was set at \$20.51 in December 2012, which was a tax rate decrease of \$0.39 from the previous year, due to the slight reduction in the assessed tax rates of the other taxing jurisdictions (D.C. Everest School District, Marathon County, and North Central Technical College). The combined tax rate had been \$20.90 in 2011, \$20.26 in 2010, and \$20.42 in 2009.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The *statement of activities* presents information showing how the Village's net position changed during the fiscal year ended December 31, 2012. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

# Village of Weston Management's Discussion and Analysis

## GOVERNMENT-WIDE FINANCIAL STATEMENTS (cont.)

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

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

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

## FUND FINANCIAL STATEMENTS

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

### **Governmental Funds**

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

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

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

# Village of Weston Management's Discussion and Analysis

## *Governmental Funds (cont.)*

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

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

Following is a listing and description of the governmental funds reported by the Village of Weston in 2012:

### *General Fund*

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

### *Special Revenue Funds*

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. In 2012, the Village of Weston used special revenue funds to account for:

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

# Village of Weston Management's Discussion and Analysis

## **Governmental Funds (cont.)**

### *Debt Service Fund*

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

### *Capital Projects Funds*

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds). In 2012, the Village of Weston used capital projects funds to account for:

Street Projects (major fund)  
Facility Projects  
Capital Equipment

TIF District #1 (major fund)  
TIF District #2

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

## **Proprietary Funds**

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

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

### *Enterprise Funds*

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

# Village of Weston Management's Discussion and Analysis

## ***Proprietary Funds (cont.)***

### *Enterprise Funds (cont.)*

accountability or other purposes. In 2012, the Village of Weston used enterprise funds to account for:

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

### *Internal Service Funds*

Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village or to other governmental units on a cost-reimbursement basis. In 2012, the Village of Weston used internal service funds to account for:

- Fringe Benefits/Insurances

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

## ***Fiduciary Funds***

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

### *Agency Funds*

Agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. In 2012, the Village of Weston did not have any agency funds.

## **NOTES TO THE FINANCIAL STATEMENTS**

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

## **OTHER INFORMATION**

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

# Village of Weston

## Management's Discussion and Analysis

### GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

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

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Weston, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$70,762,547 (net position) as of December 31, 2012. This includes total assets of \$158,496,207, deferred outflows of resources of \$273,078, total liabilities of \$78,440,701, and deferred inflows of resources of \$9,566,037. It is useful to examine the specifics of the Village's total net position.

By far, the largest portion of the Village's net position (77.7%) reflects its investment in capital assets (e.g. land, buildings, building improvements, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress), less any related outstanding debt that was used to acquire those assets. This amount includes the Village's investment in roads, sewers and bridges. The Village uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of any related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (7.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position of \$10,386,949 (14.7%) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Non-current liabilities, most of which were incurred to finance capital assets, account for approximately 78.7% of all Village liabilities. The following table provides an analysis of the Village's net position outlook:

# Village of Weston Management's Discussion and Analysis

## GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS (cont.)

### VILLAGE OF WESTON NET POSITION December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
Current and other assets	\$ 32,364,952	\$ 35,833,579	\$ 11,717,340	\$ 11,862,323	\$ 44,082,292	\$ 47,695,902
Capital assets	57,571,700	60,390,817	56,842,215	56,794,665	114,413,915	117,185,482
Total assets	89,936,652	96,224,396	68,559,555	68,656,988	158,496,207	164,881,384
Total deferred outflow s of resources	58,598	70,934	214,480	249,064	273,078	319,998
Non-current liabilities	(52,295,434)	(56,855,512)	(9,441,254)	(10,307,381)	(61,736,688)	(67,162,893)
Current and other liabilities	(15,835,393)	(16,967,403)	(868,620)	(954,457)	(16,704,013)	(17,921,860)
Total liabilities	(68,130,827)	(73,822,915)	(10,309,874)	(11,261,838)	(78,440,701)	(85,084,753)
Total deferred inflow s of resources	(9,566,037)	(9,756,360)	-	-	(9,566,037)	(9,756,360)
Net position:						
Net investment in capital assets	17,793,740	17,308,466	47,994,656	47,111,399	55,019,342	53,323,922
Restricted	4,589,532	4,585,568	766,724	748,900	5,356,256	5,334,468
Unrestricted (deficit)	(10,084,886)	(9,177,979)	9,702,781	9,783,915	10,386,949	11,701,879
Total net position	\$ 12,298,386	\$ 12,716,055	\$ 58,464,161	\$ 57,644,214	\$ 70,762,547	\$ 70,360,269

## CHANGES IN NET POSITION

The 2012 overall net position of the Village increased by \$402,278 from 2011.

Net position of the Village's governmental activities totaled \$12,298,386 as of December 31, 2012. Governmental activities for the year decreased net position by \$417,669. The Village's unrestricted net position for governmental activities, which part of net position that can be used to finance day-to-day activities, was a deficit balance of \$10,084,886, due to the TIF District debt accumulated to date in the governmental activities, but the TIF water, sewer, and stormwater capital assets are reported as business-type activities instead. Restricted net position for governmental activities included \$4,589,532 for debt service.

The net position of business-type activities totaled \$58,464,161, an increase of \$819,947. The Village can use the unrestricted net position of \$9,702,781 to finance the continuing operations of the water, sewer, and stormwater utilities.

# Village of Weston Management's Discussion and Analysis

## CHANGES IN NET POSITION (cont.)

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

### VILLAGE OF WESTON CONDENSED STATEMENT OF ACTIVITIES For the Years Ended December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,866,554	\$ 1,681,080	\$ 4,559,209	\$ 4,360,863	\$ 6,425,763	\$ 6,041,943
Operating grants and contributions	398,981	360,128	4,348	4,778	403,329	364,906
Capital grants and contributions	1,697,230	3,371,644	20,952	7,613	1,718,182	3,379,257
General revenues:						
Property taxes	8,915,033	8,839,262	-	-	8,915,033	8,839,262
Other taxes	502,854	481,711	-	-	502,854	481,711
Intergovernmental revenues not restricted to specific programs	1,183,896	1,360,441	-	-	1,183,896	1,360,441
Public gifts and/or grants not restricted to specific programs	-	-	-	-	-	-
Investment earnings	285,032	337,372	273,753	542,318	558,785	879,690
Other general revenues	46,953	39,622	10,798	53,160	57,751	92,782
<b>Total Revenues</b>	<b>14,896,533</b>	<b>16,471,260</b>	<b>4,869,060</b>	<b>4,968,732</b>	<b>19,765,593</b>	<b>21,439,992</b>
<b>Expenses:</b>						
General government	915,082	945,182	-	-	915,082	945,182
Public safety	4,020,252	4,042,242	-	-	4,020,252	4,042,242
Public works	6,546,751	6,372,452	-	-	6,546,751	6,372,452
Health and human services	281	55	-	-	281	55
Parks, recreation, and education	609,515	686,631	-	-	609,515	686,631
Community development	976,314	482,021	-	-	976,314	482,021
Interest and fiscal charges	2,328,820	2,548,431	-	-	2,328,820	2,548,431
Water utility	-	-	1,536,691	1,631,647	1,536,691	1,631,647
Sewer utility	-	-	1,745,298	1,807,518	1,745,298	1,807,518
Stormwater utility	-	-	684,311	688,628	684,311	688,628
<b>Total Expenses</b>	<b>15,397,015</b>	<b>15,077,014</b>	<b>3,966,300</b>	<b>4,127,793</b>	<b>19,363,315</b>	<b>19,204,807</b>
Increase (decrease) in net position before transfers	(500,482)	1,394,246	902,760	840,939	402,278	2,235,185
Transfers	82,813	(229,044)	(82,813)	229,044	-	-
Change in net position	(417,669)	1,165,202	819,947	1,069,983	402,278	2,235,185
Net position-beginning of year (restated)	12,716,055	11,550,853	57,644,214	56,574,231	70,360,269	68,125,084
<b>Net position-end of year</b>	<b>\$12,298,386</b>	<b>\$12,716,055</b>	<b>\$58,464,161</b>	<b>\$57,644,214</b>	<b>\$70,762,547</b>	<b>\$70,360,269</b>

# Village of Weston Management's Discussion and Analysis

## GOVERNMENTAL ACTIVITIES

Governmental activities for 2012 decreased the Village's net position by \$417,669. Total revenues, excluding transfers, had decreased by \$1,574,727 for 2012. Property taxes in 2012 accounted for 59.5% and charges for services were 12.5% of total governmental activities revenue, including transfers. Total expenses increased by \$320,001 for 2012. Expenses for public safety and public works were 68.6% of all governmental activities. Governmental expenses included \$4,050,569 in depreciation expense allocated as follows: \$3,657,690 to public works, \$60,302 to general government, \$200,465 to public safety, and \$132,112 to parks and recreation. Depreciation expense represents 26.3% of the total expenses for governmental activities.

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

### Revenues:

- Property tax revenue had an overall increase in 2012 of \$75,771 (0.86%). The TIF district tax levy had increased by \$42,123 (0.95%) in 2012. The property tax revenue increased by \$27,939 in TIF #1 and \$14,184 in TIF #2. In addition, there was a decrease in the Business Grants Fund tax levy of \$10,000. There was no change in the debt service tax levy for 2012. Therefore, the general operation tax levy of the Village increased by \$43,648 (1.53%) in 2012 due to some of these changes mentioned here.
- Revenues from charges for services totaled \$1,866,554, which was an increase of \$185,474 (11.03%) from 2011. The largest increase in 2012 was for public works services, which increased by \$116,144 (16.23%). The amount reimbursed by the Town of Weston for street and winter maintenance increased by \$19,670, and the amount charged to the recycling fund was \$94,348 for equipment usage, which was an increase of \$45,242. Public safety charges for services went up \$61,027 (8.60%). Ambulance revenues increased by \$24,421 (6.48%), and building permits went up by \$24,874 (32.82%).
- Operating grants and contributions totaled \$398,981, which was an increase of \$38,853 (10.79%) from 2011. In 2012, the Village received grant funds (\$30,063) that were subsequently turned over to the Everest Metro Police Department for specific public safety programs.
- Revenues received from capital grants and contributions totaled \$1,697,230, which was a decrease of \$1,674,414 (-49.66%) from 2011. The Village was awarded a 2011 federal grant where the state managed the widening construction project of Schofield Avenue which added \$950,000 in infrastructure to the Village. In addition, the Village was also awarded a grant of \$1,185,048 towards the construction of the Birch Street pedestrian bridge over STH 29 in 2011. These two grants were not repeated in 2012. However in 2012, the Village received a grant for the Alderson Street reconstruction project (\$463,700) which was split with the City of Schofield.

# Village of Weston Management's Discussion and Analysis

## GOVERNMENTAL ACTIVITIES (cont.)

### Revenues (cont.):

- Investment earnings totaled \$285,032, which was \$52,340 lower (-15.51%) than 2011. This reduction is the result of the December 2010 capital borrowing proceeds that were partially invested during 2011, but which were used up completely by 2012 so that the Village was not able to invest these funds for most of 2012. In addition, lower interest rates prevailed in 2012 with the reinvestment of funds that had matured or been called during 2012 that had higher yielding rates previously.

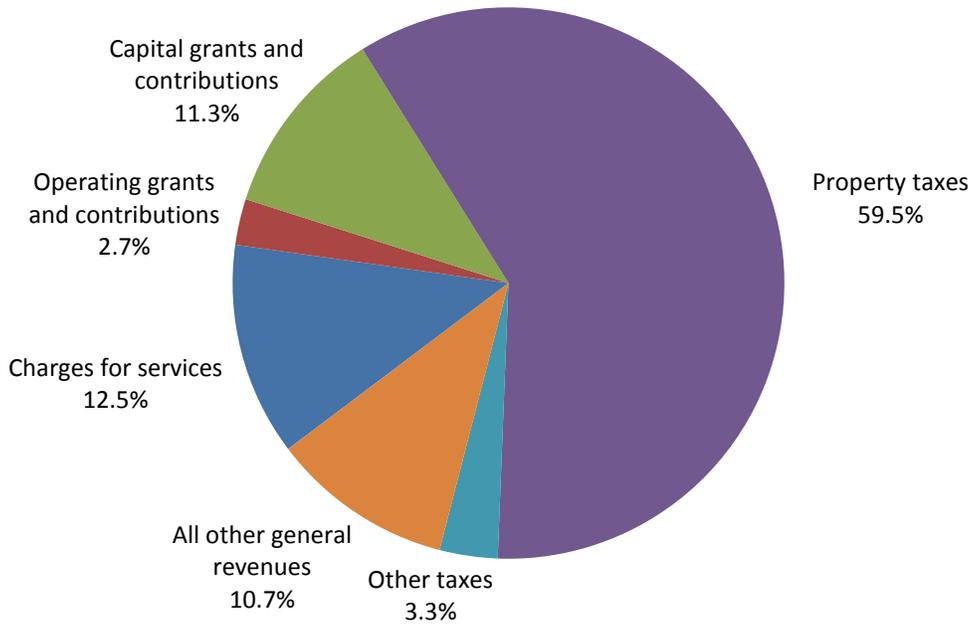
### Expenses:

- General government expenses decreased by \$30,100 (-3.18%). The largest decrease in this category was for the Administrator. In 2012, the Village was without an administrator for five months. All other departments showed a strong effort to hold expenses near prior year's numbers.
- Public safety expenses totaled \$4,020,252 in 2012 which was a decrease of \$21,990 (-0.54%). The small change shows the Village's determination to holding costs steady in public safety programs.
- Public works expenses totaled \$6,546,751 in 2012 which was an increase of \$174,299 (2.74%). This increase in public works expenses was largely attributable to the increase in depreciation of \$106,633. In 2012, the Village also did more public works project items (\$153,076) that were not capitalized.
- Parks, recreation, and education expenses decreased by \$77,116 (-11.23%). In 2011, the department had a major landscaping accident repair expense exceeding \$11,000, but no such event reoccurred in 2012. The Weston Aquatic Center had a \$13,678 reduction in expenses for 2012, as compared to 2011, when additional scheduled maintenance had taken place. In 2011, the Village Board approved a donation to the Boys & Girls Club of \$5,000 while there had been no similar donation in the current year.
- Community development expenses increased by \$494,293 (102.55%) in 2012. The Village expended \$628,333 in economic development grants in 2012 as compared to only \$110,000 in 2011.
- Interest and fiscal charges expenses which totaled \$2,328,820 for 2012 decreased by \$219,611 (-8.62%). This decrease was due to the fact that the Village did not issue any new debt in 2012, and therefore, did not incur any new debt issuance costs or not accrue any additional interest expense on new debt issues in 2012.

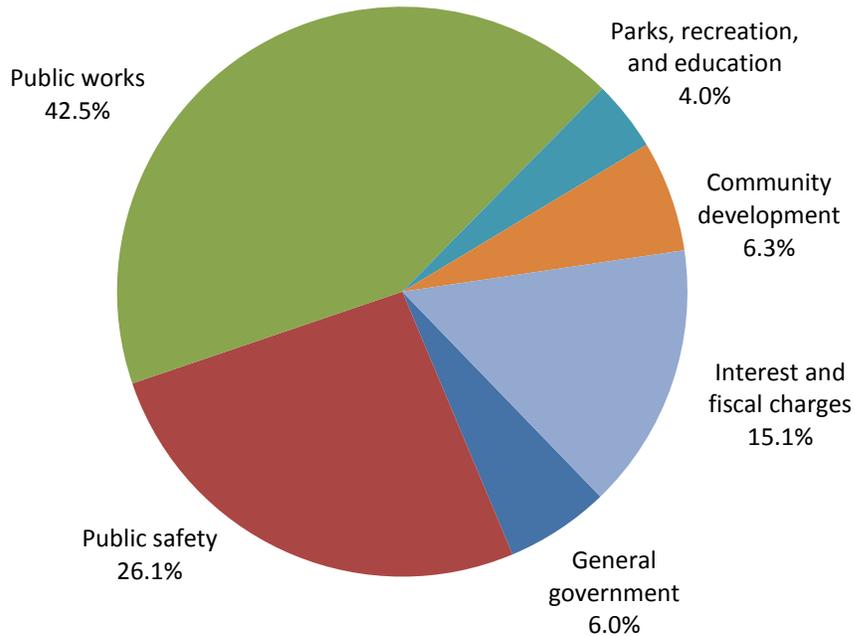
# Village of Weston Management's Discussion and Analysis

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

## REVENUES - Governmental Activities



## EXPENSES - Governmental Activities



# Village of Weston

## Management's Discussion and Analysis

### BUSINESS-TYPE ACTIVITIES

Business-type activities, which include the operations of the water, sewer, and stormwater utilities, provided an increase to the Village's net assets of \$819,947. Charges for services were over expenses by \$592,909. Capital grants and contributions of \$20,952, operating grants and contributions of \$4,348, and other general revenues and transfers of \$201,738 were other 2012 funding sources for the utility funds.

Revenues for business-type activities, excluding capital and operating grants and contributions, decreased by \$112,581 (-2.27%) in 2012. Charges for services increased by \$198,346 (4.55%) in 2012. Capital grants and contributions increased by \$13,339. There was a minimal change in operating grants. Some of the significant changes in revenues were as follows:

- Water Utility operating revenues totaled \$2,194,076 for 2012, which was an increase of \$183,828 (9.14%) from 2011. It was a dry summer, and the utility experienced an increase in water usage. Interest earnings on investments decreased by \$83,044 (-45.68%) from 2011, which reflected investments with higher interest rates being called and reinvested in investments with lower interest rates. The Water Utility held rates at the 2009 level.
- Sewer Utility operating revenues totaled \$1,773,085 for 2012, which was an increase of \$6,391 (0.36%) from 2011. Interest earnings decreased by \$169,468 (-51.35%) from 2011, which reflected investments with higher interest rates being called and reinvested in investments with lower interest rates. The Sewer Utility held rates at the 2005 level.
- Stormwater Utility operating revenues totaled \$596,396 for 2012, which was a slight increase of \$7,697 (1.31%) from 2011. Interest earnings on investments decreased by \$16,053 (-52.66%). In 2012, the Stormwater Utility borrowed \$110,551 from the Sewer Utility to finance stormwater operations. In 2012, the Stormwater Utility held rates at the original 2004 level. However, the Village is looking into rate options in 2013.

Expenses, excluding depreciation, totaled \$1,865,395, which was a decrease of \$140,122 (-6.99%) from 2011. Depreciation expense increased by \$16,265 (1.04%). Some of the significant changes in expenses were as follows:

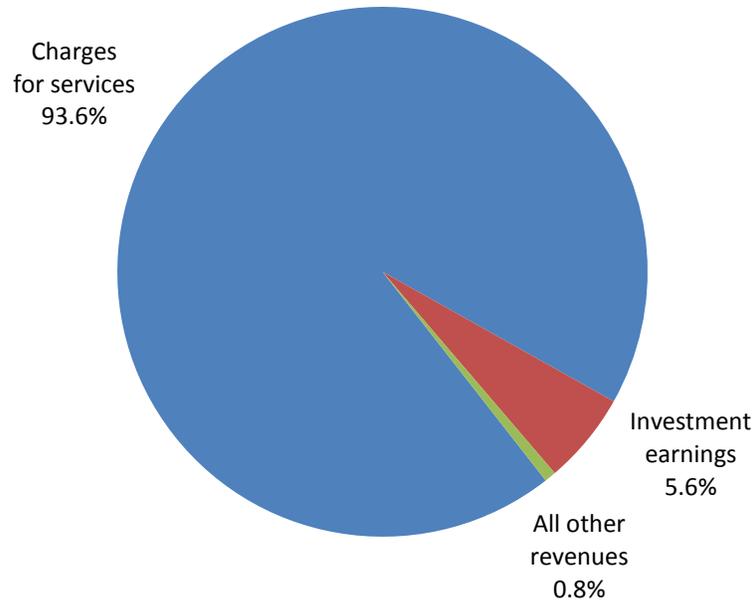
- Water Utility operations expense, excluding depreciation, decreased by \$102,300 (-10.24%). During 2012, the utility did very few large maintenance projects. The utility did do some work replacing assets as part of the Neupert Avenue road reconstruction project and the Alderson Street road reconstruction project. All other operating expenses remained unchanged for 2011.
- Sewer Utility operating expenses, excluding depreciation, decreased by \$49,128 (-5.57%). The main reason for the expense reduction was a decrease of \$63,112 (-12.62%) in charges from the Rib Mountain Sewerage District in 2012.
- Stormwater Utility operating expenses, excluding depreciation, increased by \$11,306 (9.14%). The increase was the result of more time and resources required by Village employees in drainage maintenance and mowing activities during 2012.

# Village of Weston Management's Discussion and Analysis

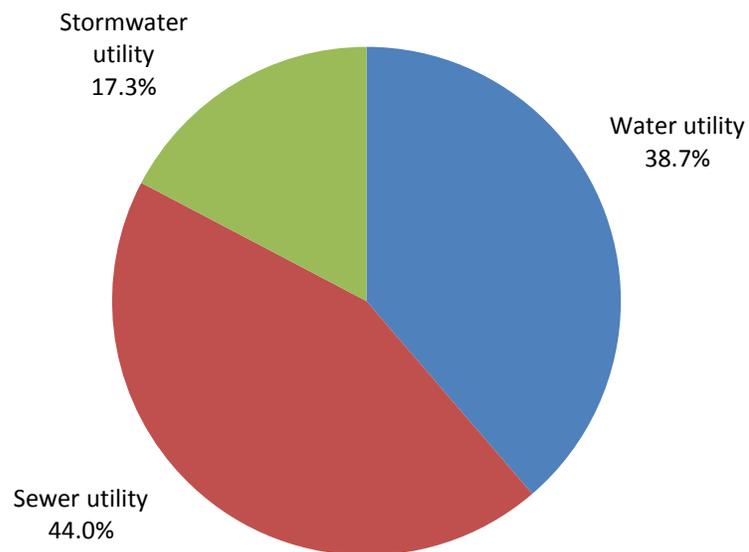
## BUSINESS-TYPE ACTIVITIES (cont.)

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

### REVENUES - Business-type Activities



### EXPENSES - Business-type Activities



# Village of Weston Management's Discussion and Analysis

## INDIVIDUAL FUND FINANCIAL ANALYSIS

### *Governmental Funds*

The Village of Weston ended 2012 with a fund balance of \$5,845,621 in its governmental funds, compared to \$7,985,801 as of December 31, 2011. This is a decrease of \$2,140,180. The decrease is because the Village proceeded with two large street reconstruction projects in 2012 without borrowing a portion of the necessary funds until 2013. Of the 2012 fund balance, \$140,225 was nonspendable, \$4,804,286 was restricted, \$300,974 was committed, \$806,172 was assigned, but a deficit fund balance (-\$206,036) was unassigned. The restricted balance includes \$4,794,749 for debt service. The committed balance includes \$295,308 for encumbrances. The assigned balance includes \$573,490 for subsequent year's expenditures.

### *General Fund*

The General Fund is the primary operating fund of the Village and supports the majority of the day-to-day services provided by the Village. The Village's General Fund realized a fund balance increase of \$79,245 from 2012 operations. Fund balance at year-end totaled \$2,994,824, of which \$44,327 is nonspendable, \$9,537 is restricted, \$592,588 assigned and \$2,348,372 is unassigned. This unassigned fund balance is 31.07% of the Village's 2012 General Fund expenditures of \$7,558,437. Municipal credit analyst, Moody's Investors Service, considers the fund balance in the General Fund an important measure of a municipality's financial condition. An unassigned fund balance of 31.07% of expenditures is considered a very strong fund balance by Moody's, and helps contribute to the Village of Weston's strong "Aa2" bond rating.

### *Debt Service Fund*

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The net decrease in fund balance during the year was \$238,072, which resulted in a total fund balance at year-end of \$309,787. Of the \$309,787 fund balance amount, \$95,033 is nonspendable for long-term receivables/advances and \$214,754 is restricted for debt service.

### *Special Revenue Fund – TIF District #1*

This fund accounts for the receipt of district "incremental" property taxes and other revenues and the corresponding program expenditures for TIF District #1. There was a net decrease in fund balance during the year of \$237,001, which resulted in a deficit fund balance at year-end of (\$1,022,842). The decrease in fund balance was mainly due to the increasing debt service payments outpacing the increasing tax increment revenue. As future development is constructed in TIF District #1, the future property taxes generated from these new increments is expected to be more than sufficient to cover all annual debt service payments.

# Village of Weston Management's Discussion and Analysis

## ***Governmental Funds (cont.)***

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

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

### *Capital Projects Fund – TIF District #1*

This fund accounts for resources to be used to fund redevelopment projects within the Village's TIF District #1 improvement district area, covering the Weston Business Technology Park in the east and the Putnam Capital Management Development in the west. There was a net decrease in fund balance of \$702,571, which resulted in a deficit fund balance at year-end of (-\$451,215). The reason for the decrease in fund balance was that capital borrowing proceeds for the 2012 capital projects will not be received until 2013.

### *Capital Projects Fund – Street Projects*

This fund accounts for resources to be used for the construction and maintenance of streets, sidewalks, and curb/gutters. There was a decrease in fund balance of \$1,251,635, which resulted in a deficit fund balance at year-end of (-\$504,244). The reason for the decrease in fund balance was that capital borrowing proceeds for the 2012 capital projects will not be received until 2013.

## ***Proprietary Funds***

### *Water Utility Fund*

The water utility's operating income, before transfers and other nonoperating revenues and expenses, was \$748,631 in 2012. The overall change to net position was an increase of \$310,539. The water utility's 2012 rate of return was 5.23%.

### *Sewer Utility Fund*

The sewer utility realized an operating income, before transfers and other nonoperating revenues and expenses, of \$264,746. Overall net position increased by \$203,194. The sewer utility's 2012 rate of return was 2.53%.

# Village of Weston Management's Discussion and Analysis

## *Proprietary Funds (cont.)*

### *Stormwater Utility Fund*

The Village formed a stormwater utility in 2004 with an equivalent runoff unit ("ERU") rate of \$48 annually, or billed at \$12 quarterly. The number of units charged per parcel is dependent upon the amount of impervious surface located on each parcel. In 2012, the utility had an operating income, before transfers and other nonoperating revenues and expenses, of \$103,645. The utility had an increase in net position of \$306,214. The stormwater utility's 2012 rate of return was 0.79%.

## **BUDGETARY ANALYSIS**

The Village's 2012 General Fund adopted expenditure budget totaled \$7,618,980. The Village's final General Fund revenue budget totaled \$7,418,188. The 2012 revenue budget anticipated the use of \$98,782 in assigned fund balance and \$102,010 from unassigned fund balance, for a grand total of \$200,792.

As previously stated, the Village ended 2012 with a general fund balance increase of \$79,245 from 2011. In other words, the Village did not reduce its reserves by \$200,792, but added to the reserves by \$79,245.

Actual General Fund revenue exceeded the budget by \$257,025, or 3.5%. A large positive variance of \$166,270 was realized from taxes, \$117,184 from charges for services, \$35,647 from intergovernmental revenues, and \$23,643 from licenses and permits. The Village saw large positives in special utility shared revenue from the Village of Rothschild (\$106,922) and \$59,976 in interest and penalty from the Village of Rothschild. Negative variances occurred in investment earnings of \$106,531 and miscellaneous revenues of \$15,456. Other revenue categories experienced small positive or negative variances.

General Fund expenditures finished 2012 with a positive budget variance of \$23,012, or 0.30% below budget. Some positive variances occurred in parks and recreation (\$23,403) and general government (\$8,970). A negative budget variance occurred in public works (\$12,464). Most other Village department expenditure categories experienced small positive and negative budget variances. Contingency reserve/other had a positive budget variance of \$40,523.

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

# Village of Weston Management's Discussion and Analysis

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2012, the Village of Weston had an investment in capital assets of \$114,413,915 net of accumulated depreciation, of all governmental and business-type activities of the Village. This amounts to a \$2,771,567 decrease (-2.37%) from the end of 2011.

Major capital improvements that took place in the Village's governmental activities included road, curb, and gutter project costs for Neupert Avenue (\$678,949) and a joint project with the City of Schofield for Alderson Street (\$357,398).

Equipment, furniture, and fixtures had an increase of \$167,852. The public works department purchased a new tractor and mower (\$76,000), the park department purchased a truck (\$41,783), and the fire department purchased a power lift (\$25,031).

In the Village's business-type activities, major capital additions (prior to depreciation) for the Water Utility include \$243,850 in transmission and distribution lines for the Neupert Avenue utility project and \$204,515 for the Alderson Street project. The utility also spent \$104,477 for SCADA equipment. The Village's Sewer Utility saw \$125,480 of additions to its collection system (prior to depreciation) for the Alderson Street project and \$188,529 in main additions for the Neupert Avenue project. The \$373,216 in improvements in the Stormwater Utility was contributed by the Village; \$269,535 in assets was added from the Neupert Avenue project and \$103,681 was added from the Alderson Street project. The following table provides a summary of the Village's change in capital assets.

### VILLAGE OF WESTON CAPITAL ASSETS December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land/right-of-ways	\$ 5,100,759	\$ 5,075,728	\$ 623,352	\$ 623,352	\$ 5,724,111	\$ 5,699,080
Wells and springs	-	-	597,507	587,109	597,507	587,109
Buildings	6,910,471	6,910,471	2,576,860	2,576,860	9,487,331	9,487,331
Improvements	5,927,274	5,914,764	70,137,761	68,871,839	76,065,035	74,786,603
Equipment	5,926,653	5,833,321	2,692,736	2,537,015	8,619,389	8,370,336
Infrastructure	80,812,890	79,936,498	-	-	80,812,890	79,936,498
Construction in progress	33,622	69,810	114,686	103,692	148,308	173,502
Total capital assets	104,711,669	103,740,592	76,742,902	75,299,867	181,454,571	179,040,459
Less accumulated depreciation	(47,139,969)	(43,349,775)	(19,900,687)	(18,505,202)	(67,040,656)	(61,854,977)
Capital assets, net of depreciation	<u>\$ 57,571,700</u>	<u>\$ 60,390,817</u>	<u>\$ 56,842,215</u>	<u>\$ 56,794,665</u>	<u>\$ 114,413,915</u>	<u>\$ 117,185,482</u>

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

# Village of Weston Management's Discussion and Analysis

## CAPITAL ASSETS AND DEBT ADMINISTRATION (cont.)

### Outstanding Debt

The Village's outstanding general obligation debt (backed by the full faith and credit of Village taxpayers) as of December 31, 2012 totaled \$16,200,864. In addition, the Village had revenue debt outstanding (backed by revenues generated from the Weston Water, Sewer, and Stormwater Utilities) of \$8,655,000. The Weston Community Development Authority had revenue debt outstanding (backed by revenues generated from future property tax increments in TIF Districts #1 and #2) of \$36,105,000. Therefore, the total outstanding debt of the Village at December 31, 2012 totaled \$60,960,864. No new debt was issued in 2012.

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. Based upon the Village's 2012 equalized value of \$966,710,400, the Village's statutory debt limit totaled \$48,335,520. The Village was at 33.16% of its legal debt limit as of December 31, 2012.

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

### VILLAGE OF WESTON OUTSTANDING DEBT December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds & notes	\$ 14,406,743	\$ 16,299,349	\$ 1,794,121	\$ 2,072,352	\$ 16,200,864	\$ 18,371,701
CDA lease revenue bonds	36,105,000	38,725,000	-	-	36,105,000	38,725,000
Water utility revenue bonds	79,000	99,000	2,031,000	2,166,000	2,110,000	2,265,000
Sewer utility revenue bonds	285,000	350,000	3,430,000	3,755,000	3,715,000	4,105,000
Stormwater utility revenue bonds	-	-	2,830,000	2,965,000	2,830,000	2,965,000
<b>Total</b>	<b>\$ 50,875,743</b>	<b>\$ 55,473,349</b>	<b>\$ 10,085,121</b>	<b>\$ 10,958,352</b>	<b>\$ 60,960,864</b>	<b>\$ 66,431,701</b>

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

# Village of Weston Management's Discussion and Analysis

## ECONOMIC FACTORS, 2012 TAX RATES, AND THE 2013 BUDGET

The Village of Weston economy has slowed with hard economic times nationwide. There is still continued interest in the Weston Business Technology Park and its two additions (namely the First Addition to the Business Park and the new Business Park South Addition), but construction of new buildings has slowed. There were no new residential subdivisions added during 2012. Fortunately, there had been an increase in the new single family home building permits issued in 2012, with permits of \$3,466,900 issued in 2012 as compared to \$2,033,000 in 2011. This increasing trend is expected to continue throughout 2013. The Village's end-of-year 2012 unemployment rate of 6.6% was equal to the state's end-of-year 2012 rate of 6.6%.

The Village's equalized property value decreased by \$63,662,300 in 2012 (a 6.18% decrease) due to a statewide devaluation of property again in 2012. However, there was net new construction of \$4,727,700 (a 0.459% increase) in 2012 in the Village. In addition, recent information received from the Wisconsin Department of Revenue has indicated that this trend will begin to reverse itself beginning in 2013. The Village's 2013 economic adjustment in equalized property values will be in the positive 1.0%-2.0% range for both residential and commercial properties. This recent information is a good indicator that the construction industry has begun to improve, after the Wisconsin Department of Revenue had made a state-wide devaluation of property in 2009, 2010, and 2012. The Village's own building permit data is supporting this same improving statewide trend. The Village's 2012 building permits were \$22.9 million (with 319 permits issues), which was a significant increase from the \$6.5 million (with 200 permits issued) as reported in 2011. It appears that the economy is improving and the credit crunch has relaxed somewhat based on this data. In addition, the 2013 building permits are already trending in excess of \$5.0 million as of June 2013, with 213 building permits issued to date.

The Village continues to be negatively affected by the ongoing dramatic decline in state aid (Shared Revenue and Expenditure Restraint payments) from the State of Wisconsin. State shared revenue declined by \$210,000 in 2004 compared to 2003, which was a 13.8% decrease. For budget years 2005-2009, the state shared revenue payment was flat and unchanged, while the State of Wisconsin analyzed its fiscal problems. For budget years 2010-2011, the Village received a further reduction in the state shared revenue payment of \$76,585 (-5.84% decrease). For 2012, another reduction of \$177,480 (-14.37% decrease) in state shared revenue was passed onto the Village. Finally in 2013, a minimal reduction of \$506 (-0.05% decrease) was expected. In addition, the state transportation aid payment made to the Village decreased by \$124,940 (-10.00% decrease) in 2012 and decreased by an additional \$112,340 (-10.00% decrease) in 2013.

In addition, the State of Wisconsin has passed new tax levy limits onto local municipalities beginning with the 2006 and 2007 budget years and continuing into the 2008 through 2014 budget years, which limits tax levy increases to the percentage change in annual net new construction growth on an equalized valuation basis. The Village's 2012 tax levy/2013 budget year maximum increase derived by the State of Wisconsin was 0.459%. The Village was successful in adopting its 2012 tax levy with a \$20,449 revenue increase (0.459% increase),

# Village of Weston

## Management's Discussion and Analysis

### ECONOMIC FACTORS, 2012 TAX RATES, AND THE 2013 BUDGET (cont.)

which resulted in only a \$0.06 increase (1.18% increase) in the assessed tax rate. The Village did not use the Debt Service exception option allowed under the current levy law.

The Village's total assessed value decreased from \$1,076,850,600 in 2011 to \$1,064,908,100 in 2012, which was a decrease of \$11,942,500 (-1.11% decrease). No revaluation of Village property occurred in 2012. The last reassessment had occurred in 2007.

Despite this difficult budgetary environment, the Village's 2013 budget increased its total tax levy (excluding TIF Districts) by 0.459%, without needing to execute a provision for allowable prior years' debt service payments. The Village's tax levy increased slightly while the Village's non-TIF assessed valuation decreased by \$6,106,884 in 2012, or a decrease of -0.70%. The Village's TIF assessed valuation decreased by \$5,835,616 in 2012, or a decrease of -2.88%. The Village continues to be a leader and "model" government entity in the area for reducing the cost of labor through efficiency and for service prioritization (providing only those services that the residents/taxpayers request, including asking the voters in the form of a referendum when deemed applicable).

This translated into a 2012 assessed tax rate of \$5.16 per \$1,000 of assessed valuation (a 1.18% increase from the 2011 assessed tax rate of \$5.10), with a corresponding 2012 equalized tax rate of \$5.68, which is a 6.57% increase from 2011. This equalized tax rate of \$5.68 maintains the Village of Weston in the bottom 25%-quartile of statewide-equalized tax rates for Wisconsin communities greater than 10,000 in population. This is an amazing fact, because the Village of Weston is one of the fastest growing communities in the State of Wisconsin, since the 2000 census, among communities over 10,000 in population. With 2,972 new residents from 2000 to 2012, and with a 2012 population of 15,051, the population increase during that time was 24.60%.

The Village adopts operating budgets for its governmental funds (General, Special Revenue, Debt Service), enterprise funds (Water, Sewer, and Stormwater Utilities), and internal service fund (Fringe Benefits). The 2013 fiscal year combined operating budget includes \$29,913,189 in projected revenues and \$30,834,081 in projected expenditures and transfers. The projected overall decrease in fund equity is due to a budgeted deficit of \$920,892. Several individual funds do have budgeted deficits. Fund balances from several governmental funds will be applied towards the budgeted deficits rather than increasing property tax rates or user fees any further to balance the 2013 operating budget.

Funding for the operating budget of the Village is provided from many sources, including property taxes, grants and aids from the State and County, user fees, permits and licenses, fines and forfeitures, and other miscellaneous revenues. Economic factors affecting the 2013 budget included increased revenues from sources affected by the overall economy, such as ambulance fees, offset in part by the decrease in state shared revenues and the market rate reduction in interest rates for investment earnings.

# Village of Weston Management's Discussion and Analysis

## **ECONOMIC FACTORS, 2012 TAX RATES, AND THE 2013 BUDGET (cont.)**

Expenditures for salaries, which represent the single largest operating cost, continue to be held down with the low inflation economy and active labor relations efforts. An additional factor limiting such costs was the passage of Wisconsin Act 10 in 2011 which mandated employee payment of pension contributions for most employee groups. However, the restraint in salaries is more than offset by cost factors that are largely beyond the Village's direct control, such as employee health insurance increases, state retirement system contribution rate increases, and energy costs. The Village continues to work with its employee groups to better manage health care costs, including the exploration of a narrowed-network provider. The only new service program added to the 2013 operating budget was for the reinstatement of mass transit services, based upon the results of the 2012 referendum question, for an estimated cost of \$45,400 and would be funded by the new transportation utility user fee beginning in April 2013.

The Village has also adopted a capital improvements program (CIP) budget for its governmental funds (Capital Projects) and enterprise funds (Water, Sewer, and Stormwater Utilities). The 2013 fiscal year combined CIP budget includes \$891,140 in projected revenues and \$1,000,700 in projected expenditures and transfers. The projected overall decrease in fund equity is due to a budgeted deficit of \$109,560. Fund balances from several governmental and enterprise funds will be applied towards this budgeted deficit rather than increasing the capital borrowing amount any further to balance the 2013 CIP budget.

In the Village's enterprise funds, the Village's Sewer Utility customers experienced a rate increase of 25% effective January 2004. This large increase was needed primarily to support the increasing capital reserve funding required by the Rib Mountain Metro Sanitary District plant facilities. Since then, the Sewer Utility rates have remained unchanged for 2005-2012. The Public Service Commission of Wisconsin (PSC) approved an overall 7% increase for the Water Utility rates on January 23, 2009. The PSC's rate order included changes to the utility's operating rules and a 2-tiered rate structure with separate schedules for residential and non-residential customers. This was the first overall rate change for the Water Utility since 1988. Stormwater Utility rates held steady in 2012. 2012 was the ninth year of the Stormwater Utility, for which all Village properties are charged a fee based upon the approximate impervious surface of the property, which contributes to stormwater runoff.

## **REQUESTS FOR FINANCIAL INFORMATION**

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