

**VILLAGE OF LENA**  
**Annual Financial Report**  
**December 31, 2011**

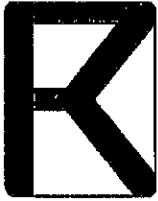
# VILLAGE OF LENA

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December 31, 2011

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# KERBER, ROSE & ASSOCIATES, S.C.

Certified Public Accountants

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## INDEPENDENT AUDITORS' REPORT

Village Board  
Village of Lena  
Lena, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lena (Village) as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

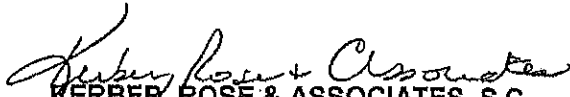
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Lena as of December 31, 2011, and the respective changes in its financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the Village adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of and for the year ended December 31, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 37 through 40 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.

To the Village Board  
Lena, Wisconsin

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lena's financial statements as a whole. The supplementary information as identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The information on pages 41 through 45, except for budgetary information, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The budgetary information on pages 41 through 44 and schedules of utility rates of return on pages 46 and 47 have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

  
**KERBER, ROSE & ASSOCIATES, S.C.**  
Certified Public Accountants  
March 26, 2012

**VILLAGE OF LENA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011

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As management of the Village of Lena (Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2011.

**Financial Highlights**

- The assets of the Village exceeded its liabilities as of December 31, 2011, by \$3,903,797 (net assets). Of this amount, \$657,024 may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net assets).
- As of December 31, 2011, the Village's governmental funds reported combined ending fund balances of \$491,763, an increase of \$93,150 in comparison with the prior year.
- The Village's net general obligation debt increased by \$181,054.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. These financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other supplementary information to the basic financial statements is provided.

**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 assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. This statement reports all of the Village's assets (cash and noncash) and its known liabilities, both current and long-term. The purpose of this statement is to give the reader an understanding of the Village's net worth. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent fiscal year. Revenues and expenses are reported by activity to give the reader an understanding of how each of the government's activities is being supported. All changes in net assets 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 in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave). This method of accounting is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Village's fund financial statements. The intent of the government-wide financial statements is to give the reader a long-term view of the Village's financial condition.

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*). The governmental activities of the Village include general government, public safety, public works, culture and recreation, and conservation and development. The business-type activities of the Village include the water and sewer utility.

The government-wide financial statements can be found on pages 10 - 12 of this report.

**VILLAGE OF LENA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011

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**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, 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, proprietary, and fiduciary funds.

**Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the 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 maintains three 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, fire department and library, which are considered to be major funds.

The governmental fund financial statements can be found on pages 13 and 15 of this report.

**Proprietary Funds**

Proprietary funds are used to report the same functions presented as *business-type 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 information for the water and sewer utility, which is considered to be a major fund of the Village.

The proprietary fund financial statements can be found on pages 17 - 20 of this report.

**Fiduciary Funds**

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations and/or other government units.

The fiduciary fund financial statement can be found on page 21 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to 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 22-36 of this report.

**VILLAGE OF LENA**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2011**

**Required Supplementary Information**

The required supplementary information includes the budget to actual comparisons for the general, library and fire department funds. This information can be found on pages 37 - 40.

**Other Information**

Other information includes detailed budgetary schedules for the general, library and fire department funds and schedules of operating revenues and expenses and rates of return for the water and sewer utilities. This information can be found on pages 41 - 47.

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$3,903,797 at the close of 2011.

**NET ASSETS**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and Other Assets	\$ 767,534	\$ 648,142	\$ 345,114	\$ 323,597	\$ 1,112,648	\$ 971,739
Capital Assets	1,158,359	1,088,548	2,676,259	2,675,448	3,834,618	3,763,996
Total Assets	1,925,893	1,736,690	3,021,373	2,999,045	4,947,266	4,735,735
Long-Term Liabilities						
Outstanding	159,309	85,480	502,322	403,824	661,631	489,304
Other Liabilities	295,338	268,473	86,500	80,394	381,838	348,867
Total Liabilities	454,647	353,953	588,822	484,218	1,043,469	838,171
Net Assets						
Invested in Capital Assets Net of Related Debt	1,013,469	1,013,548	2,153,190	2,251,555	3,166,659	3,265,103
Restricted	-	-	80,114	62,987	80,114	62,987
Unrestricted	457,777	369,189	199,247	200,285	657,024	569,474
Total Net Assets	\$ 1,471,246	\$ 1,382,737	\$ 2,432,551	\$ 2,514,827	\$ 3,903,797	\$ 3,897,564

The largest portion of the Village's net assets (approximately 81 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed 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 assets (approximately 2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$657,024 may be used to meet the Village's ongoing obligations to citizens and creditors.

**VILLAGE OF LENA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011

**Government-Wide Financial Analysis (Continued)**

CHANGES IN NET ASSETS						
	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 124,509	\$ 137,659	\$ 284,187	\$ 283,502	\$ 408,696	\$ 421,161
Operating Grants and Contributions	94,181	94,484	-	3,521	94,181	98,005
General Revenues						
Property Taxes	182,585	177,267	-	-	182,585	177,267
Intergovernmental Revenues not Restricted						
To Specific Programs	167,724	169,350	-	-	167,724	169,350
Other	19,970	47,140	735	1,924	20,705	49,064
Total Revenues	588,989	625,900	284,922	288,947	873,891	914,847
Expenses						
General Government	141,254	150,372	-	-	141,254	150,372
Public Safety	167,544	202,568	-	-	167,544	202,568
Public Works	133,635	141,837	-	-	133,635	141,837
Culture and Recreation	77,767	66,943	-	-	77,767	66,943
Conservation and Development	1,250	1,250	-	-	1,250	1,250
Interest and Fiscal Charges	4,404	3,888	-	-	4,404	3,888
Water Utility	-	-	112,710	107,217	112,710	107,217
Sewer Utility	-	-	229,094	182,173	229,094	182,173
Total Expenses	525,854	566,858	341,804	289,390	867,658	856,248
Transfers	25,394	25,493	(25,394)	(25,493)	-	-
Change in Net Assets	88,509	84,535	(82,276)	(25,936)	6,233	58,599
Net Assets - Beginning of Year	1,382,737	1,298,202	2,514,827	2,540,763	3,897,564	3,838,965
Net Assets - End of Year	\$ 1,471,246	\$ 1,382,737	\$ 2,432,551	\$ 2,514,827	\$ 3,903,797	\$ 3,897,564

Key elements of this increase in net assets are as follows:

Revenues decreased by \$40,956 which was due mainly to a decrease in charges for services and a decrease in miscellaneous revenue. The decrease in charges for services was due to a decrease in fire department contract revenues and a decrease in grant revenues for the fire department for a radio replacement in prior year. Miscellaneous revenue decreased because there was no donation from Saputo or the Civic Club in the current year.

Expenses increased by \$11,410 primarily due to decreases in general government, public safety and public works. Although those expenses decreased, there was an increase in expenses for culture and recreation due to additional library expenditures for salaries and wages and an increase in expenses for water and sewer utilities due to additional operating supplies, outside services employed and maintenance and repairs.



**VILLAGE OF LENA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011

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**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

As of December 31, 2011, the Village's governmental funds reported combined ending fund balances of \$491,763 an increase of \$93,150 in comparison with the prior year.

The *general fund* is the chief operating fund of the Village. As of December 31, 2011, the total fund balance of the general fund was \$224,865. Of this amount, \$182,374 is assigned for an equipment fund, ditch maintenance, building fund, sewer replacement fund, and a police equipment fund. Also, \$1,871 is nonspendable for prepaid expenditures. The remaining fund balance of \$40,620 is unassigned. The fund balance of the general fund increased by \$59,072 during 2011.

The *fire department fund* has a fund balance of \$152,643 all of which is restricted. The fund balance increased by \$34,215 during 2011.

The *library fund* has a fund balance of \$114,255 all of which is restricted. The fund balance decreased by \$137 during 2011.

**Fiduciary Fund**

The Village's fiduciary fund is a tax collection fund. This fund accounts for taxes and deposits collected by the Village, acting in the capacity of an agent, for distribution to other governmental units.

As of December 31, 2011, the fiduciary fund reported that \$550,984 was due to the other taxing units, an increase of \$6,178 in comparison with the prior year.

**General Fund Budgetary Highlights**

During the year, actual revenues were less than budgeted revenues by \$8,557. Actual revenues were less than budgeted revenues as a result of a portion of the property taxes going to the library fund along with an unexpected increase in court fines and penalties. Actual expenditures were greater than budgeted expenses by \$77,521 primarily in capital outlay because the Village finished a road project in the current year.

**Library Fund Budgetary Highlights**

During the year, actual revenues exceeded budgeted revenues by \$3,310. Actual revenues exceeded budgeted revenues as a result of increased donations in the current year. Actual expenditures were greater than budgeted expenses by \$3,486 primarily due to books, videos and periodicals being less than budgeted but salaries and wages and miscellaneous expenses being greater than budgeted. Books, videos and periodicals decreased as a result of not buying as many items as anticipated. Salaries and wages were greater than budgeted because wages increased during the year and miscellaneous expense was greater than budgeted as a result of an unexpected computer purchases during the year.

**VILLAGE OF LENA**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011

**Fire Department Fund Budgetary Highlights**

During the year, actual revenues were greater than budgeted revenues by \$13,381. Actual revenues exceeded budgeted revenues as a result of unexpected donations during the year for new equipment. Actual expenditures were less than budgeted expenses by \$1,109. Actual expenditures were greater than budgeted for man hour's expense, vehicle and equipment repairs and capital outlay. These are a result of unexpected purchases and repairs during the year as well as more firefighters being hired. Actual expenditures were less than budgeted for clothing allowances. This is a result of the Fire Department buying the clothing at the end of the prior year instead of in the current year.

**Capital Asset and Debt Administration**

**Capital Assets**

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$3,834,618 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, property and equipment, and infrastructure.

**VILLAGE OF LENA'S CAPITAL ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land and						
Improvements	\$ 100,006	\$ 100,000	\$ 763	\$ 763	\$ 100,769	\$ 100,763
Buildings and						
Improvements	920,810	910,369	-	-	920,810	910,369
Property and						
Equipment	1,554,413	1,537,683	4,747,631	4,615,799	6,302,044	6,153,482
Infrastructure	294,491	182,026	-	-	294,491	182,026
Construction in						
Progress	-	-	-	44,838	-	44,838
Total Capital Assets	2,869,720	2,730,078	4,748,394	4,661,400	7,618,114	7,391,478
Less Accumulated						
Depreciation	1,711,361	1,641,530	2,072,135	1,985,952	3,783,496	3,627,482
Capital Assets Net of						
Depreciation	<u>\$ 1,158,359</u>	<u>\$ 1,088,548</u>	<u>\$ 2,676,259</u>	<u>\$ 2,675,448</u>	<u>\$ 3,834,618</u>	<u>\$ 3,763,996</u>

For further details on capital asset activity, refer to Note 6 of the notes to financial statements.

**VILLAGE OF LENA**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2011**

**Long-Term Debt**

At the end of the current fiscal year, the Village has total bonded debt outstanding of \$667,959. Of this amount \$430,344 comprises debt backed by the full faith and credit of the Village.

**VILLAGE OF LENA LONG-TERM DEBT**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General Obligation Debt:						
State Trust Funds	\$ 144,890	\$ 75,000	\$ 285,454	\$ 174,290	\$ 430,344	\$ 249,290
Clean Water Fund Loan	-	-	237,615	249,603	237,615	249,603
<b>Total</b>	<b>\$ 144,890</b>	<b>\$ 75,000</b>	<b>\$ 523,069</b>	<b>\$ 423,893</b>	<b>\$ 667,959</b>	<b>\$ 498,893</b>

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village is \$1,498,740 which significantly exceeds the Village's current outstanding general obligation debt.

**Economic Factors and Next Year's Budgets and Rates**

- The average unemployment rate for Oconto County was 8.1% at December 31, 2011. This compares to the State of Wisconsin's average unemployment rate of 7.1%
- The economic condition and outlook of the Village has remained fairly stable based on a relatively healthy mix of manufacturing, service industry, retail and farming activities which support our tax base.

These factors were considered in preparing the Village's budget for the 2012 fiscal year.

**Requests for Information**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Village Clerk/Treasurer, 117 E. Main St, Lena, WI 54139.

**VILLAGE OF LENA**  
Statement of Net Assets  
As of December 31, 2011

	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 548,776	\$ 149,926	\$ 698,702
Receivables			
Taxes	139,414	-	139,414
Customer Accounts Receivable	-	55,599	55,599
Delinquent Personal Property Taxes	945	-	945
Other Accounts Receivable	1,283	1,580	2,863
Special Assessments	-	9,748	9,748
Internal Balances	32,074	(32,074)	-
Prepays	1,871	-	1,871
Inventories	-	6,536	6,536
Restricted Cash	43,171		43,171
Certificate of Deposit	-	63,507	63,507
<b>Total Current Assets</b>	<u>767,534</u>	<u>254,822</u>	<u>1,022,356</u>
<b>Noncurrent Assets</b>			
Certificate of Deposit	-	10,178	10,178
Restricted Cash	-	80,114	80,114
Capital Assets			
Capital Assets Not Being Depreciated	100,006	763	100,769
Other Capital Assets, Net of Depreciation	1,058,353	2,675,496	3,733,849
<b>Total Noncurrent Assets</b>	<u>1,158,359</u>	<u>2,766,551</u>	<u>3,924,910</u>
<b>TOTAL ASSETS</b>	<u>1,925,893</u>	<u>3,021,373</u>	<u>4,947,266</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	45,458	11,514	56,972
Accrued Liabilities	47,728	30,116	77,844
Accrued Interest Payable	3,606	8,115	11,721
Unearned Revenues	182,585	-	182,585
Compensated Absences	-	16,008	16,008
Current Portion of Long-Term Obligations	15,961	20,747	36,708
<b>Total Current Liabilities</b>	<u>295,338</u>	<u>86,500</u>	<u>381,838</u>
<b>Noncurrent Liabilities</b>			
Noncurrent Portion of Long-Term Obligations	159,309	502,322	661,631
<b>TOTAL LIABILITIES</b>	<u>454,647</u>	<u>588,822</u>	<u>1,043,469</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	1,013,469	2,153,190	3,166,659
Restricted	-	80,114	80,114
Unrestricted	457,777	199,247	657,024
<b>TOTAL NET ASSETS</b>	<u>\$ 1,471,246</u>	<u>\$ 2,432,551</u>	<u>\$ 3,903,797</u>

See Accompanying Notes

**VILLAGE OF LENA**  
Statement of Activities  
For the Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities			
General Government	\$ 141,254	\$ 2,607	\$ -
Public Safety	167,544	101,118	19,945
Public Works	133,635	17,922	37,971
Culture and Recreation	77,767	2,862	36,265
Conservation and Development	1,250	-	-
Interest and Fiscal Charges	4,404	-	-
<b>Total Governmental Activities</b>	<b>525,854</b>	<b>124,509</b>	<b>94,181</b>
BUSINESS-TYPE ACTIVITIES			
Water	112,710	140,751	-
Sewer	229,094	143,436	-
<b>Total Business-Type Activities</b>	<b>341,804</b>	<b>284,187</b>	<b>-</b>
<b>TOTAL</b>	<b>\$ 867,658</b>	<b>\$ 408,696</b>	<b>\$ 94,181</b>

**GENERAL REVENUES**

Taxes  
    Property Taxes, Levied for General Purposes  
    Property Taxes, Levied for Library  
Intergovernmental Revenues not Restricted to  
    Specific Programs  
Investment Income  
Rental Income  
Miscellaneous  
**Total General Revenues**

**TRANSFERS**

**CHANGE IN NET ASSETS**

**NET ASSETS - BEGINNING OF YEAR**

**NET ASSETS - END OF YEAR**

See Accompanying Notes

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (138,647)	\$ -	\$ (138,647)
(46,481)	-	(46,481)
(77,742)	-	(77,742)
(38,640)	-	(38,640)
(1,250)	-	(1,250)
(4,404)	-	(4,404)
<u>(307,164)</u>	<u>-</u>	<u>(307,164)</u>
-	28,041	28,041
-	(85,658)	(85,658)
-	<u>(57,617)</u>	<u>(57,617)</u>
<u>(307,164)</u>	<u>(57,617)</u>	<u>(364,781)</u>
160,085	-	160,085
22,500	-	22,500
167,724	-	167,724
1,115	735	1,850
15,576	-	15,576
3,279	-	3,279
<u>370,279</u>	<u>735</u>	<u>371,014</u>
25,394	(25,394)	-
88,509	(82,276)	6,233
<u>1,382,737</u>	<u>2,514,827</u>	<u>3,897,564</u>
<u>\$ 1,471,246</u>	<u>\$ 2,432,551</u>	<u>\$ 3,903,797</u>

See Accompanying Notes

**VILLAGE OF LENA**  
Balance Sheet  
Governmental Funds  
As of December 31, 2011

	General	Fire Department	Library Fund	Total
<b>ASSETS</b>				
Cash	\$ 255,191	\$ 176,167	\$ 117,418	\$ 548,776
Receivables				
Taxes	139,414	-	-	139,414
Delinquent Personal Property Taxes	945	-	-	945
Accounts	1,283	-	-	1,283
Prepays	1,871	-	-	1,871
Due from Other Fund	32,074	-	-	32,074
Restricted Cash	43,171	-	-	43,171
<b>TOTAL ASSETS</b>	<u>\$ 473,949</u>	<u>\$ 176,167</u>	<u>\$ 117,418</u>	<u>\$ 767,534</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 43,692	\$ 1,235	\$ 531	\$ 45,458
Accrued Liabilities	22,807	22,289	2,632	47,728
Deferred Revenues	182,585	-	-	182,585
<b>Total Liabilities</b>	<u>249,084</u>	<u>23,524</u>	<u>3,163</u>	<u>275,771</u>
Fund Balance				
Nonspendable				
Prepays	1,871	-	-	1,871
Restricted				
Fire Department	-	152,643	-	152,643
Library Fund	-	-	114,255	114,255
Assigned				
Equipment Fund	50,046	-	-	50,046
Ditch Maintenance	8,180	-	-	8,180
Building Fund	13,137	-	-	13,137
Sewer Replacement Fund	104,835	-	-	104,835
Police Equipment Fund	6,176	-	-	6,176
Unassigned	40,620	-	-	40,620
<b>Total Fund Balances</b>	<u>224,865</u>	<u>152,643</u>	<u>114,255</u>	<u>491,763</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 473,949</u>	<u>\$ 176,167</u>	<u>\$ 117,418</u>	<u>\$ 767,534</u>

See Accompanying Notes

**VILLAGE OF LENA**  
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets  
As of December 31, 2011

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**Total Fund Balances - Governmental Funds** **\$ 491,763**

*Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental funds fund balance because:*

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets:

Governmental Capital Asset	2,869,720	
Governmental Accumulated Depreciation	<u>(1,711,361)</u>	1,158,359

Noncurrent obligations, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Items reported in the statement of net assets that are not reported in the funds balance sheet:

General Debt	(144,890)	
Accrued Interest on General Obligation Debt	(3,606)	
Vested Employee Benefits	<u>(30,380)</u>	<u>(178,876)</u>

**Total Net Assets - Governmental Activities** **\$ 1,471,246**



**VILLAGE OF LENA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2011**

	General	Fire Department	Library Fund	Total
<b>REVENUES</b>				
Taxes	\$ 160,085	\$ -	\$ 22,500	\$ 182,585
Intergovernmental	208,333	69,521	34,117	311,971
Licenses and Permits	4,009	-	-	4,009
Fines and Forfeits	28,908	-	-	28,908
Public Charges for Services	17,867	6,615	2,521	27,003
Miscellaneous	18,137	11,645	4,711	34,493
<b>Total Revenues</b>	<b>437,339</b>	<b>87,781</b>	<b>63,849</b>	<b>588,969</b>
<b>EXPENDITURES</b>				
Current				
General Government	135,785	-	-	135,785
Public Safety	94,954	49,809	-	144,763
Public Works	108,311	-	-	108,311
Culture and Recreation	4,475	-	63,986	68,461
Conservation and Development	1,250	-	-	1,250
Capital Outlay	125,906	3,757	-	129,663
Debt Service				
Principal Retirement	3,196	-	-	3,196
Interest and Fiscal Charges	2,870	-	-	2,870
<b>Total Expenditures</b>	<b>476,747</b>	<b>53,566</b>	<b>63,986</b>	<b>594,299</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(39,408)</b>	<b>34,215</b>	<b>(137)</b>	<b>(5,330)</b>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Long-Term Debt	73,086	-	-	73,086
Transfer In	25,394	-	-	25,394
<b>Total Other Financing Sources</b>	<b>98,480</b>	<b>-</b>	<b>-</b>	<b>98,480</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>59,072</b>	<b>34,215</b>	<b>(137)</b>	<b>93,150</b>
<b>FUND BALANCES - BEGINNING</b>	<b>165,793</b>	<b>118,428</b>	<b>114,392</b>	<b>398,613</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 224,865</b>	<b>\$ 152,643</b>	<b>\$ 114,255</b>	<b>\$ 491,763</b>

**VILLAGE OF LENA**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2011

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Net Change in Fund Balances - Total Governmental Funds	\$	93,150
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*Amounts reported for governmental activities in the statement of activities are different because:*

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expense.

Capital outlay reported in governmental fund statements	129,663	
Adjustments to capital outlay	9,979	
Depreciation expense reported in the statement of activities	<u>(69,831)</u>	
Amount by which depreciation is less than capital outlay in the current period.		69,811

Vested employee benefits are reported in the government funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

Compensated absences paid in current year	11,906	
Compensated absences benefits earned in current year	<u>(14,934)</u>	
Amounts paid are less than amounts earned by		(3,028)

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

(73,086)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year.

3,196

In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.

The amount of interest paid during the current period	2,870	
The amount of interest accrued during the current period	<u>(4,404)</u>	
Interest paid is less than interest accrued by		<u>(1,534)</u>

Change in Net Assets - Governmental Activities	\$	<u>88,509</u>
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**VILLAGE OF LENA**  
**Statement of Net Assets**  
**Proprietary Fund**  
**As of December 31, 2011**

	<b>Water and Sewer Utility</b>
<b>CURRENT ASSETS</b>	
Cash	\$ 149,926
Receivables	
Customer Accounts Receivable	55,599
Other Accounts Receivable	1,580
Special Assessments	9,748
Inventories	6,536
Certificate of Deposit	63,507
<b>Total Current Assets</b>	<u>286,896</u>
<b>NON-CURRENT ASSETS</b>	
Certificate of Deposit	10,178
Restricted Cash	80,114
Capital Assets	
Water	
Plant in Service	1,584,986
Accumulated Depreciation	(447,890)
Sewer	
Plant in Service	3,163,408
Accumulated Depreciation	(1,624,245)
<b>Total Non-Current Assets</b>	<u>2,766,551</u>
<b>TOTAL ASSETS</b>	<u>3,053,447</u>
<b>CURRENT LIABILITIES</b>	
Current Portion of Long-Term Obligations	20,747
Accounts Payable	11,514
Due to Other Fund	32,074
Accrued Payroll Expense	4,722
Accrued Interest	8,115
Accrued Taxes	25,394
Accrued Compensated Absences	16,008
<b>Total Current Liabilities</b>	<u>118,574</u>
<b>NON-CURRENT LIABILITIES</b>	
Concurrent Portion of Long-Term Obligations	502,322
<b>TOTAL LIABILITIES</b>	<u>620,896</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	2,153,190
Restricted	80,114
Unrestricted	199,247
<b>TOTAL NET ASSETS</b>	<u>\$ 2,432,551</u>

See Accompanying Notes

**VILLAGE OF LENA**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**For the Year Ended December 31, 2011**

	<u>Water and Sewer Utility</u>
<b>OPERATING REVENUES</b>	<b>\$ 284,187</b>
<b>OPERATING EXPENSES</b>	
Operation and Maintenance	167,799
Administration and General	39,247
Depreciation	119,363
<b>Total Operating Expenses</b>	<b>326,409</b>
<b>OPERATING LOSS</b>	<b>(42,222)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment Income	735
Interest Expense	(15,395)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(14,660)</b>
<b>LOSS BEFORE TRANSFERS</b>	<b>(56,882)</b>
<b>TRANSFERS OUT</b>	<b>(25,394)</b>
<b>CHANGE IN NET ASSETS</b>	<b>(82,276)</b>
<b>NET ASSETS - BEGINNING</b>	<b>2,514,827</b>
<b>NET ASSETS - ENDING</b>	<b>\$ 2,432,551</b>

See Accompanying Notes

**VILLAGE OF LENA**  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2011

	<u>Water and Sewer Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 261,113
Cash Paid to Suppliers for Goods and Services	(128,090)
Cash Paid to Employees for Services	(74,435)
Net Cash Flows From Operating Activities	<u>58,588</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Tax Equivalent Paid to Municipality	<u>(25,394)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income Received	1,950
Redemptions of Certificate of Deposits	6,317
Net Cash Flows From Investing Activities	<u>8,267</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Capital Assets	(120,174)
Proceeds from Long-Term Debt	119,245
Principal Payments on Long-Term Debt	(20,069)
Interest Paid	(14,744)
Net Cash Flows From Capital and Related Financing Activities	<u>(35,742)</u>
<b>NET INCREASE IN CASH</b>	5,719
<b>CASH - BEGINNING</b>	<u>224,321</u>
<b>CASH - ENDING</b>	<u><u>\$ 230,040</u></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Loss	\$ (42,222)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities	
Non-Cash Items:	
Depreciation	119,363
Decrease in Operating Assets	
Accounts Receivable	(23,074)
Inventories	(256)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	4,381
Accrued Liabilities	(322)
Accrued Compensated Absences	718
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 58,588</u></u>

See Accompanying Notes

**VILLAGE OF LENA**  
**Statement of Cash Flows - Continued**  
**Proprietary Fund**  
**For the Year Ended December 31, 2011**

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	<u>Water and Sewer Utility</u>
<b>RECONCILIATION OF CASH PER STATEMENT OF NET ASSETS TO STATEMENT OF CASH FLOWS</b>	
Statement of Net Assets Proprietary Fund	
Cash	\$ 149,926
Restricted Cash	<u>80,114</u>
<b>CASH PER STATEMENT OF CASH FLOWS</b>	<u><u>\$ 230,040</u></u>

**VILLAGE OF LENA**  
Statement of Net Assets  
Fiduciary Fund  
As of December 31, 2011

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	<u>Agency</u>
<b>ASSETS</b>	
Cash	\$ 130,277
Taxes Receivable	420,707
<b>Total Assets</b>	<u>550,984</u>
 <b>LIABILITIES</b>	
Due to Other Taxing Units	<u>550,984</u>
<b>NET ASSETS</b>	<u>\$ -</u>

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Village of Lena (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**REPORTING ENTITY**

This report includes all of the funds of the Village of Lena. The reporting entity for the Village consists of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. 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. The Village has not identified any component units that are required to be included in the financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues included 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) operating grants and contributions. Taxes and other items not properly included as program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and 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**

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer utility enterprise fund 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.



**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND FINANCIAL STATEMENTS - Continued**

Fund financial statements of the reporting entity are organized into individual 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.

Funds are organized as major funds or non-major funds within the governmental and proprietary 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 proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and proprietary funds combined.
- c. In addition, any other governmental fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

**Governmental Funds**

Governmental funds are identified as either general or special revenue based upon the following guidelines.

**General Fund**

The general fund is the primary operating fund of the Village and is always classified as a major fund. 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.

**Business-Type Activities**

**Proprietary Funds**

**Enterprise Funds**

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges, or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND FINANCIAL STATEMENTS (Continued)**

**Fiduciary Funds**

**Agency Funds**

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, and/or other governmental units.

**Major Funds**

The Village reports the following major governmental funds:

The *general fund*, which accounts for the Village's primary operating activities.

The *fire department fund*, which accounts for the resources accumulated and payments made for the operation of the fire department.

The *library fund*, which accounts for the resources accumulated and payments made for the operation of the library.

The Village reports the following major proprietary fund:

The *water and sewer utility*, which operates the water distribution system and the sewage treatment plant, sewage pumping stations and collection systems.

**Fiduciary Funds**

The Village reports the following agency fund:

The *tax collection fund*, which accounts for taxes and deposits collected by the Village, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurements focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

Cash

Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the financial statements.

Inventories

Proprietary fund inventories are generally used for construction and for operation and maintenance work and are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used. Governmental fund inventory items are charged to expenditure accounts when purchased.

Special Assessments

Special assessments consist of capital projects constructed through non-special assessment debt. In governmental fund financial statements, special assessments are recorded as receivables and deferred revenues when the related capital outlays are made and are recorded as revenues when due and payable. In the government-wide financial statements and proprietary funds, special assessments are recorded as receivables and capital contribution revenue when the capital outlays are made. All special assessments are due when billed and may be paid on an installment basis with interest. The method of enforcing collections is the same as for general Village taxes.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. General infrastructure assets acquired or constructed prior to January 1, 2004 are not reported in the financial statements. Donated capital assets are recorded at estimated fair value at the date of donation.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued)**

Capital Assets (Continued)

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.

Property, plant and equipment of the Village are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Governmental Activities	Business-Type Activities
Buildings, Improvements, and Utility Plant	20 - 50	25 - 50
Machinery and Equipment	3 - 10	3 - 10
Infrastructure	30 - 50	-

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.

Vacation leave is required to be used in the year earned, unless approved to be carried over. Carryovers of unused vacation leave are limited to a maximum of one week.

Deferred/Unearned Revenues

Governmental and business-type activities in the government-wide statement of activities, along with proprietary funds, report unearned revenue and therefore defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The combination of these are reported as deferred revenue in the governmental funds balance sheet. When revenue recognition criteria are met, unearned or deferred revenue are reduced, as applicable, and income is recognized.

Long-Term Obligations

The accounting treatment of long-term debt depends on whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of bonds and state trust fund loans.

Long-term debt for governmental funds is not reported as a liability in the governmental fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting in proprietary funds is the same in the fund statements as it is in the government-wide statements.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued)**

Interfund Receivables and Payables

During the course of operations numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net assets of the proprietary fund.

Interfund Transactions

During the course of normal operations, the Village has various transactions, between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental funds generally record such transactions as operating transfers if within governmental funds. Transactions between governmental and proprietary funds are usually recorded as revenues and either expenditures or expenses of the respective funds, except for the payment in lieu of taxes, which is treated as a transfer.

**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 would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental fund types. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide and proprietary funds statements as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

**EQUITY CLASSIFICATIONS**

Government-Wide Statements

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

- 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.
- Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or; 2) by law through constitutional provisions or enabling legislation.
- 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, then unrestricted resources as they are needed.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Financial Statements**

In fiscal 2011, the Village implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). GASB 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Under GASB 54, fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Village Board is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance, in the general fund, represents amounts constrained by the Village Board for a specific intended purpose. The Village has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance, in the general fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The Village, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The Village has not adopted a minimum fund balance policy.

**USE OF ESTIMATES**

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 may differ from these estimates.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 2 - CASH**

The Village is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturity in three years or less.
- 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, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

At December 31, 2011, the Village's bank balance of cash was \$1,029,683. The Village maintains its cash accounts at one financial institution. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts); up to \$250,000 for the combined amount of all interest bearing demand deposit accounts, and unlimited coverage for noninterest-bearing demand deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in comparing the amount of uninsured deposits below.

The following represents a summary of deposits as of December 31, 2011:

Fully Insured Deposits	\$ 264,483
Collateralized with Securities held by the Pledging of Financial Institution in the Village's Name	540,895
Uncollateralized	<u>224,305</u>
Total	<u>\$ 1,029,683</u>

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

**NOTE 3 - RESTRICTED ASSETS**

Restricted assets on December 31, 2011 consisted of cash totaling \$114,082 held for the following purposes:

General Fund	
Advance Tax Collection	\$ 43,171
Enterprise Fund	
Equipment Replacement	70,871
Debt Service	9,243
	<u>          </u>
Total Restricted Assets	<u>\$ 123,285</u>

**NOTE 4 - PROPERTY TAXES**

The Village bills and collects its own property taxes and also levies for the Lena School District, Oconto County, Northeast Wisconsin Technical College, and the State of Wisconsin.

Property taxes consist of taxes on real estate and personal property. They are levied during December and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31, and July 31. Real estate taxes not paid by July 31 are assumed by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

**NOTE 5 - INTERFUND RECEIVABLE, PAYABLES AND TRANSFERS**

Interfund receivables and payables between individual funds of the Village as of December 31, 2011 are detailed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Enterprise Fund	<u>\$ 32,074</u>	Year End Cash Flow Timing

Interfund transfers for the year ended December 31, 2011 as shown in the governmental and proprietary funds statements were as follows:

	<u>Transfer To General Fund</u>	<u>Purpose</u>
Transfer From Water and Sewer Utility	<u>\$ 25,394</u>	Tax Equivalent



**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

**NOTE 6 - CAPITAL ASSETS**

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

	Beginning Balance	Increase	Decreases	Adjustments	Ending Balance
<b>Governmental Activities</b>					
Capital Assets not being Depreciated					
Land and Improvements	\$ 100,000	\$ -	\$ -	\$ 6	\$ 100,006
<b>Other Capital Assets</b>					
Buildings and Improvements	910,369	8,446	-	1,995	920,810
Machinery and Equipment	1,537,683	8,752	-	7,978	1,554,413
Infrastructure	182,026	112,465	-	-	294,491
Total Capital Assets being Depreciated	2,630,078	129,663	-	9,973	2,769,714
<b>Less Accumulated Depreciation for</b>					
Building and Improvements	(388,307)	(20,374)	-	-	(408,681)
Machinery and Equipment	(1,236,776)	(43,096)	-	-	(1,279,872)
Infrastructure	(16,447)	(6,361)	-	-	(22,808)
Total Accumulated Depreciation	(1,641,530)	(69,831)	-	-	(1,711,361)
Total Capital Assets Being Depreciated, Net of Depreciation	988,548	59,832	-	9,973	1,058,353
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 1,088,548</b>	<b>\$ 59,832</b>	<b>\$ -</b>	<b>\$ 9,979</b>	<b>\$ 1,158,359</b>
<b>Business-Type Activities</b>					
Capital Assets not being Depreciated					
Land	\$ 763	\$ -	\$ -	\$ -	\$ 763
Construction in Progress	44,838	241,069	285,907	-	-
Total Capital Assets, not being Depreciated	45,601	241,069	285,907	-	763
Capital Assets being Depreciated					
Utility Plant	4,615,799	165,012	33,180	-	4,747,631
Less: Accumulated Depreciation	(1,985,952)	(119,363)	(33,180)	-	(2,072,135)
Total Capital Assets, being Depreciated, Net of Depreciation	2,629,847	45,649	-	-	2,675,496
<b>Business-Type Activities Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 2,675,448</b>	<b>\$ 286,718</b>	<b>\$ 285,907</b>	<b>\$ -</b>	<b>\$ 2,676,259</b>

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

**NOTE 6 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions of the Village as follows:

Governmental Activities	
General Government	\$ 4,442
Public Safety	30,759
Public Works	25,324
Culture and Recreation	9,306
Total Depreciation Expense – Governmental Activities	<u>\$ 69,831</u>
Business Type Activities	
Water Utility	\$ 33,094
Sewer Utility	86,269
Total Depreciation Expense – Business Type Activities	<u>\$ 119,363</u>

**NOTE 7 - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2011:

	Outstanding 1/1/11	Increases	Decreases	Outstanding 12/31/11	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Debt					
State Trust Funds	\$ 75,000	\$ 73,086	\$ 3,196	\$ 144,890	\$ 2,285
Vested Compensated Absences	27,352	14,934	11,906	30,380	13,676
Total Governmental Activities Long-Term Liabilities	<u>\$ 102,352</u>	<u>\$ 88,020</u>	<u>\$ 15,102</u>	<u>\$ 175,270</u>	<u>\$ 15,961</u>
<b>Business-Type Activities</b>					
General Obligation Debt					
State Trust Funds	\$ 174,290	\$ 119,245	\$ 8,081	\$ 285,454	\$ 8,462
Clean Water Funds	249,603	-	11,988	237,615	12,285
Total Business-Type Activities Long-Term Liabilities	<u>\$ 423,893</u>	<u>\$ 119,245</u>	<u>\$ 20,069</u>	<u>\$ 523,069</u>	<u>\$ 20,747</u>

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

**NOTE 7 - LONG-TERM OBLIGATIONS (Continued)**

	Date of Issuance	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/11
<b>Governmental Activities</b>					
<b>Long-Term Obligations</b>					
2010 State Trust Loan	06/22/10	03/15/30	5.25%	\$ 75,000	\$ 71,804
2011 State Trust Loan	10/12/11	03/15/21	3.75%	73,086	73,086
Total Governmental Activities Long-Term Obligations					<u>\$ 144,890</u>
<b>Business-Type Activities</b>					
<b>Long-Term Obligations</b>					
2005 State Trust Fund Loan	10/24/05	03/15/25	5.00%	\$ 79,878	\$ 66,639
2005 State Trust Fund Loan	12/13/05	03/15/25	5.00%	120,122	99,570
2011 State Trust Fund Loan	10/12/11	03/15/21	3.75%	119,245	119,245
2007 Clean Water Fund Loan	05/09/07	05/01/27	2.475%	283,857	237,615
Total Business-Type Activities Long-Term Obligations					<u>\$ 523,069</u>

Debt service requirements to maturity are as follows:

	Governmental Funds		Enterprise Funds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 2,285	\$ 3,780	\$ 20,747	\$ 14,062	\$ 23,032	\$ 17,842
2013	8,314	7,655	31,120	19,843	39,434	27,498
2014	9,882	6,086	34,230	16,730	44,112	22,816
2015	10,296	5,673	35,474	15,482	45,770	21,155
2016	10,718	5,250	36,748	14,203	47,466	19,453
2017 - 2021	60,767	19,075	205,055	49,639	265,822	68,714
2022 - 2026	21,248	9,078	141,968	15,023	163,216	24,101
2027 - 2030	21,380	2,880	17,727	219	39,107	3,099
Total	<u>\$ 144,890</u>	<u>\$ 59,477</u>	<u>\$ 523,069</u>	<u>\$ 145,201</u>	<u>\$ 667,959</u>	<u>\$ 204,678</u>

Estimated payments of accumulated employee benefits and other commitments are not included in the above schedule.

The 2011 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$29,974,800. The legal debt limit and margin of indebtedness as of December 31, 2011, in accordance with Wisconsin Statutes follows:

Debt Limit (5% of \$29,974,800)	\$ 1,498,740
Deduct Long-Term Debt Applicable to Debt Margin	<u>430,344</u>
Remaining Margin of Indebtedness Available	<u>\$ 1,068,396</u>

**Debt Coverage**

The Village is not in compliance with the Sewer Revenue Bonds debt coverage ratio.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

**NOTE 7 - LONG TERM DEBT OBLIGATIONS (Continued)**

**Utility Revenues Pledged**

The Village has pledged future revenue derived from the Sewerage System, net of specified operating expenses, to repay the Clean Water Fund Loan. Proceeds from the bonds provided financing for the construction or acquisition of capital assets used within the utility. The loan is payable from Sewerage System net revenues and is payable through 2027. The total principal and interest remaining to be paid on the bonds is \$287,710. Principal and interest paid for the current year and total Sewerage System net revenues were \$18,017 and \$143,435, respectively.

**NOTE 8 - FUND EQUITY**

**GOVERNMENT-WIDE STATEMENTS**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Invested in Capital Assets, Net of Related Debt			
Net Capital Assets	\$ 1,158,359	\$ 2,676,259	\$ 3,834,618
Less: Related Long-Term Debt Outstanding	144,890	523,069	667,959
Total Invested in Capital Assets, Net of Related Debt	1,013,469	2,153,190	3,166,659
Restricted for Equipment Replacement	-	70,871	70,871
Restricted for Debt Service	-	9,243	9,243
Unrestricted	457,777	199,247	657,024
Total Government-Wide Activities Net Assets	<u>\$ 1,471,246</u>	<u>\$ 2,432,551</u>	<u>\$ 3,903,797</u>

**NOTE 9 - DEFINED BENEFIT PENSION PLAN**

All eligible Village of Lena employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for the Village of Lena employees covered by the System for the year ended December 31, 2011, was \$181,531; the employer's total payroll was \$236,909. The Village employees contributed 3% instead of 6.5% from January through July 2011, and the employer contributed the remaining 3.5%. The total required contribution for the year ended December 31, 2011, was \$23,066. For general employees, this amount consisted of \$5,704, or 8.6% of payroll from the employer, and \$2,408, or 3% from the employee and for the protective employee was \$2,690, or 11.7% of payroll from the employer, and \$705, or 3% from the employee. For the general employees, after mandatory contributions were in effect, this amount consisted of \$4,142 or 5.8% of payroll from employer, and \$4,142, or 5.8% from the employee and the protective employee was \$1,983, or 8.9% from the employer and \$1,292, or 5.8% from the employee. Total contributions for the years ended December 31, 2010 and 2009 were \$20,881 and \$18,825, respectively.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)**

Employees who retire at or after 65 (62 elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service), are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings.

Employees terminating covered employment and submitting application 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 are immediately vested.

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

**NOTE 10 - 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; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past three years.

**NOTE 11 - CONTINGENCIES**

From time to time the Village is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of Village management, these issues, and any other proceedings known to exist at December 31, 2011, are not likely to have a material adverse impact on the Village's financial position.

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 the 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.

**NOTE 12 - PROPERTY TAX LIMITS**

Under 2011 Wisconsin Act 32, in 2011 and all future years, a municipality is allowed to increase its levy over the amount it levied in the prior year by the percentage increase in equalized value from net new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit.

**VILLAGE OF LENA**  
Notes to Financial Statements  
December 31, 2011

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**NOTE 13 - MAJOR CUSTOMER**

Saputo Cheese USA accounted for \$84,806 of the water and sewer utility revenues during 2011.

**NOTE 14 - SUBSEQUENT EVENTS**

The Village pre-paid one State Trust Fund Loan, which was taken out for a new loader in 2010, for an amount of \$75,284.87 in February 2012.

The Village authorized a 1% sewer rate increase effective for the March 2012 billing.

The Village took the final draw on the State Trust Loan for the Pelkey Street Project in the amount of \$57,668.45 in March of 2012 to pay for the final costs associated with the project this spring.

The Village has put in an offer to purchase approximately 22 acres in the Village for \$110,000. As of March 21<sup>st</sup>, 2012, the seller has accepted the offer and the Village is in the process of taking out a twenty year State Trust Fund Loan for the full \$110,000 at an interest rate of 4%.

**NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued by the GASB in June 2011 and will be effective for the Village's December 31, 2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the statement of net assets at the government-wide fund level.

**VILLAGE OF LENA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 182,585	\$ 160,085	\$ (22,500)
Intergovernmental	207,976	208,333	357
Licenses and Permits	3,295	4,009	714
Fines and Forfeits	18,100	28,908	10,808
Public Charges for Services	15,850	17,867	2,017
Miscellaneous	18,090	18,137	47
<b>Total Revenues</b>	<b>445,896</b>	<b>437,339</b>	<b>(8,557)</b>
<b>EXPENDITURES</b>			
General Government	143,497	135,785	7,712
Public Safety	94,212	94,954	(742)
Public Works	119,651	108,311	11,340
Culture and Recreation	26,050	4,475	21,575
Conservation and Development	750	1,250	(500)
Capital Outlay	9,000	125,906	(116,906)
Debt Service	6,066	6,066	-
<b>Total Expenditures</b>	<b>399,226</b>	<b>476,747</b>	<b>(77,521)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>46,670</b>	<b>(39,408)</b>	<b>(86,078)</b>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Long-Term Debt	-	73,086	73,086
Operating Transfers In - Water Utility	23,000	25,394	2,394
<b>Total Other Financing Sources</b>	<b>23,000</b>	<b>98,480</b>	<b>75,480</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>69,670</b>	<b>59,072</b>	<b>(10,598)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>165,793</b>	<b>165,793</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 235,463</b>	<b>\$ 224,865</b>	<b>\$ (10,598)</b>

See Accompanying Notes to Budgetary Comparison Schedules

**VILLAGE OF LENA****Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****Library Fund****For the Year Ended December 31, 2011**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
General Property Taxes	\$ 22,500	\$ 22,500	\$ -
Intergovernmental	33,939	34,117	178
Public Charges for Services	4,000	2,521	(1,479)
Investment Income	100	273	173
Donations	-	4,438	4,438
<b>Total Revenues</b>	<b>60,539</b>	<b>63,849</b>	<b>3,310</b>
<b>EXPENDITURES</b>			
Culture and Recreation			
Salaries and Wages	34,500	40,092	(5,592)
Employee Benefits	1,500	2,047	(547)
Training Expense	1,100	830	270
Books, Videos and Periodicals	9,600	4,947	4,653
Automation Expense	5,000	4,344	656
Utilities	6,000	4,200	1,800
Postage	400	1,939	(1,539)
Miscellaneous	2,400	5,587	(3,187)
<b>Total Expenditures</b>	<b>60,500</b>	<b>63,986</b>	<b>(3,486)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>39</b>	<b>(137)</b>	<b>(176)</b>
<b>FUND BALANCE - BEGINNING</b>	<b>114,392</b>	<b>114,392</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 114,431</b>	<b>\$ 114,255</b>	<b>\$ (176)</b>



**VILLAGE OF LENA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
Fire Department Fund  
For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 66,000	\$ 69,521	\$ 3,521
Charges for Service	4,000	6,615	2,615
Investment Income	400	270	(130)
Donations	1,000	11,350	10,350
Miscellaneous	3,000	25	(2,975)
<b>Total Revenues</b>	<b>74,400</b>	<b>87,781</b>	<b>13,381</b>
<b>EXPENDITURES</b>			
Public Safety			
Salaries and Wages	1,300	1,708	(408)
Employee Benefits	100	119	(19)
Man Hours Expense	6,000	10,038	(4,038)
Clothing Allowance	12,500	-	12,500
Training Expense	13,500	12,646	854
Utilities	5,775	5,460	315
Insurance	8,000	6,012	1,988
Vehicle and Equipment Repairs	5,000	10,521	(5,521)
Fuel Expense	1,000	2,129	(1,129)
Miscellaneous	1,500	1,176	324
Capital Outlay	-	3,757	(3,757)
<b>Total Expenditures</b>	<b>54,675</b>	<b>53,566</b>	<b>1,109</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>19,725</b>	<b>34,215</b>	<b>14,490</b>
<b>FUND BALANCES - BEGINNING</b>	<b>118,428</b>	<b>118,428</b>	<b>-</b>
<b>FUND BALANCES - ENDING</b>	<b>\$ 138,153</b>	<b>\$ 152,643</b>	<b>\$ 14,490</b>

See Accompanying Notes to Budgetary Comparison Schedules

**VILLAGE OF LENA**  
Notes to Budgetary Comparison Schedules  
For the Year Ended December 31, 2011

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**BUDGETARY PROCESS**

The Village follows these procedures in establishing the budgetary data

- During October, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general and special revenue funds. Budget is defined as the originally approved budget plus or minus approved amendments. There were no amendments during the year. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund and special revenue funds.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board.

**EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following functions had an excess of actual expenditures over budget for the year ended December 31, 2011:

General Fund	
Public Safety	\$ 742
Conservation and Development	600
Capital Outlay	116,906
Library Fund	
Culture and Recreation	
Salaries and Wages	5,592
Employee Benefits	547
Postage	1,539
Miscellaneous	3,187
Fire Department Fund	
Public Safety	
Salaries and Wages	408
Employee Benefits	19
Man Hours Expense	4,038
Vehicle and Equipment Repairs	5,521
Fuel Expense	1,129
Capital Outlay	3,757

# VILLAGE OF LENA

## Schedule of Detailed Budgetary Revenues and Other Financing Sources Comparison

### General Fund

For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>TAXES</b>			
General Property Taxes	\$ 182,585	\$ 160,085	\$ (22,500)
<b>INTERGOVERNMENTAL</b>			
Shared Revenues	167,305	167,297	(8)
General Highway Aids	37,971	37,971	-
Computer Aid	300	427	127
Police Training Aid	600	900	300
School Patrol Aid	1,800	1,738	(62)
<b>Total Intergovernmental</b>	<b>207,976</b>	<b>208,333</b>	<b>357</b>
<b>LICENSES AND PERMITS</b>			
Liquor and Malt Beverage Licenses	1,700	1,700	-
Operators Licenses	700	726	26
Cigarette Licenses	50	50	-
Dog and Cat Licenses	150	165	15
Building Permits	600	1,191	591
Other Permits	50	132	82
License Publication Fees	45	45	-
<b>Total Licenses and Permits</b>	<b>3,295</b>	<b>4,009</b>	<b>714</b>
<b>FINES AND FORFEITS</b>			
Court Penalties and Fines	18,000	28,908	10,908
Parking Violations	100	-	(100)
<b>Total Fines and Forfeits</b>	<b>18,100</b>	<b>28,908</b>	<b>10,808</b>
<b>PUBLIC CHARGES FOR SERVICES</b>			
Clerk's Revenue	100	131	31
Police Department	100	1,005	905
Garbage Bag Revenue	8,200	7,872	(328)
Garbage and Dump Revenue	150	182	32
Recycling	6,700	8,245	1,545
Weed and Nuisance Control	200	-	(200)
Snow Removal	400	432	32
<b>Total Public Charges for Services</b>	<b>16,850</b>	<b>17,867</b>	<b>2,017</b>

**VILLAGE OF LENA****Schedule of Detailed Budgetary Revenues and Other Financing Sources Comparison**

General Fund

For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>MISCELLANEOUS</b>			
Miscellaneous General Revenue	\$ 1,550	\$ 1,989	\$ 439
Interest Income	1,000	572	(428)
Rent	15,540	15,576	36
<b>Total Miscellaneous</b>	<b>18,090</b>	<b>18,137</b>	<b>47</b>
<b>Total Revenues</b>	<b>445,896</b>	<b>437,339</b>	<b>(8,557)</b>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Long-Term Debt	-	73,086	73,086
Operating Transfers In - Water Utility	23,000	25,394	2,394
<b>Total Other Financing Sources</b>	<b>23,000</b>	<b>98,480</b>	<b>75,480</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 468,896</b>	<b>\$ 535,819</b>	<b>\$ 66,923</b>

**VILLAGE OF LENA**  
Schedule of Detailed Budgetary Expenditures Comparison  
General Fund  
For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
Village Board	\$ 7,000	\$ 6,480	\$ 520
Village President	2,000	1,483	517
Municipal Court	9,000	8,750	250
Legal	2,500	2,872	(372)
Administrative	1,700	1,684	16
Clerk/Treasurer	29,889	26,687	3,202
Elections	1,500	1,554	(54)
Finance	7,800	7,930	(130)
Assessor	4,200	4,109	91
Village Hall Expenses	14,300	12,041	2,259
Insurance	13,000	13,078	(78)
Retirement	10,839	9,534	1,305
Social Security	10,560	10,663	(103)
Health Insurance	28,809	28,645	164
Travel Expense	400	275	125
<b>Total General Government</b>	<b>143,497</b>	<b>135,785</b>	<b>7,712</b>
<b>PUBLIC SAFETY</b>			
Police Salaries and Wages	50,137	55,514	(5,377)
Police Operations	15,000	16,926	(1,926)
Fire Protection	22,700	16,318	6,382
Rescue Squad	5,775	6,196	(421)
Building Inspection	600	-	600
<b>Total Public Safety</b>	<b>94,212</b>	<b>94,954</b>	<b>(742)</b>
<b>PUBLIC WORKS</b>			
Salaries and Wages	41,907	42,207	(300)
Clothing Allowance	500	178	322
Street Maintenance	23,600	18,060	5,540
Street Cleaning	1,000	409	591
Snow Removal	4,000	3,237	763
Street Lighting	21,000	21,551	(551)
Sidewalks	1,500	-	1,500
Street Signs and Markings	2,000	488	1,512
Garage and Building	200	105	95
Sanitation	9,000	8,030	970
Recycling	13,744	13,327	417
Weed Cutting	1,200	719	481
<b>Total Public Works</b>	<b>119,651</b>	<b>108,311</b>	<b>11,340</b>

**VILLAGE OF LENA**  
Schedule of Detailed Budgetary Expenditures Comparison - Continued  
General Fund  
For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CULTURE AND RECREATION</b>			
General Recreation	\$ 250	\$ 214	\$ 36
Celebrations and Entertainment	3,300	4,261	(961)
Library	22,500	-	22,500
<b>Total Culture and Recreation</b>	<b>26,050</b>	<b>4,475</b>	<b>21,575</b>
<b>CONSERVATION AND DEVELOPMENT</b>			
Community Development	750	1,250	(500)
<b>CAPITAL OUTLAY</b>			
General Government	-	8,446	(8,446)
Public Safety	5,000	-	5,000
Public Works	4,000	117,460	(113,460)
<b>Total Capital Outlay</b>	<b>9,000</b>	<b>125,906</b>	<b>(116,906)</b>
<b>DEBT SERVICE</b>			
Principal	3,196	3,196	-
Interest	2,870	2,870	-
<b>Total Debt Service</b>	<b>6,066</b>	<b>6,066</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 399,226</b>	<b>\$ 476,747</b>	<b>\$ (77,521)</b>

**VILLAGE OF LENA**  
**Schedule of Operating Revenues and Expenses**  
**Water and Sewer Utility**  
**For the Year Ended December 31, 2011**

	Water	Sewer	Total
<b>OPERATING REVENUES</b>			
Metered Sales			
Residential	\$ 25,918	\$ 90,353	\$ 116,271
Commercial	5,308	25,525	30,833
Industrial	67,659	6,949	74,608
Public Authorities	3,133	14,591	17,724
<b>Total Metered Sales</b>	<u>102,018</u>	<u>137,418</u>	<u>239,436</u>
Private Fire Protection	1,512	-	1,512
Public Fire Protection	35,843	-	35,843
<b>Total Sales of Water</b>	<u>139,373</u>	<u>137,418</u>	<u>276,791</u>
Other Operating Revenues			
Customer Forfeited Discounts	-	318	318
Miscellaneous Operating Revenue	1,378	5,700	7,078
<b>Total Operating Revenue</b>	<u>140,751</u>	<u>143,436</u>	<u>284,187</u>
<b>OPERATING EXPENSES</b>			
Operation and Maintenance			
Operation Labor	24,017	36,928	60,945
Power Purchased for Pumping	27,801	25,766	53,567
Chemicals for Sewage Treatment	345	46	391
Maintenance and Repairs	4,427	10,994	15,421
Operating Supplies	267	34,214	34,481
Operating Transportation Expenses	1,497	1,497	2,994
<b>Total Operation and Maintenance</b>	<u>58,354</u>	<u>109,445</u>	<u>167,799</u>
Administrative and General			
Salaries	7,040	6,945	13,985
Office Supplies	346	584	930
Outside Services Employed	2,586	10,439	13,025
Utilities	951	605	1,556
Property Insurance	1,733	1,654	3,387
Miscellaneous	2,102	4,262	6,364
<b>Total Administrative and General Expenses</b>	<u>14,758</u>	<u>24,489</u>	<u>39,247</u>
Other Operating Expenses			
Depreciation	33,094	86,269	119,363
<b>TOTAL OPERATING EXPENSES</b>	<u>106,206</u>	<u>220,203</u>	<u>326,409</u>
<b>OPERATING INCOME (LOSS)</b>	<u>34,545</u>	<u>(76,767)</u>	<u>(42,222)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	230	505	735
Interest Expense	(6,504)	(8,891)	(15,395)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(6,274)</u>	<u>(8,386)</u>	<u>(14,660)</u>
<b>TRANSFERS OUT</b>	<u>(25,055)</u>	<u>(339)</u>	<u>(25,394)</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 3,216</u>	<u>\$ (85,492)</u>	<u>\$ (82,276)</u>

**VILLAGE OF LENA**  
**Schedule of Water Utility Rates of Return**  
**Based on Public Service Commission of Wisconsin Regulation**  
**For the Years Ended December 31, 2011**

<b>UTILITY PLANT</b>	
Beginning	\$ 494,576
Ending	557,880
Average	<u>526,228</u>
<b>ACCUMULATED DEPRECIATION</b>	
Beginning	(132,369)
Ending	(130,582)
Average	<u>(131,476)</u>
<b>MATERIALS AND SUPPLIES INVENTORY</b>	
Beginning	6,155
Ending	6,411
Average	<u>6,283</u>
<b>REGULATORY LIABILITY</b>	
Beginning	(87,988)
Ending	(81,218)
Average	<u>(84,603)</u>
<b>AVERAGE NET RATE BASE</b>	<u>\$ 316,433</u>
<b>NET OPERATING INCOME</b>	<u>\$ 29,762</u>
<b>RATES OF RETURN</b>	<u>9.41%</u>

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States as described in Note 1.

The rate of return for 2010 was 13.77%



**VILLAGE OF LENA**  
**Schedule of Sewer Utility Rates of Return**  
**Based on Public Service Commission of Wisconsin Regulation**  
**For the Years Ended December 31, 2011**

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**UTILITY PLANT**

Beginning	\$ 3,138,087
Ending	<u>3,163,408</u>
Average	<u>3,150,748</u>

**ACCUMULATED DEPRECIATION**

Beginning	(1,556,547)
Ending	<u>(1,624,247)</u>
Average	<u>(1,590,397)</u>

**MATERIALS AND SUPPLIES INVENTORY**

Beginning	125
Ending	<u>125</u>
Average	<u>125</u>

**AVERAGE NET RATE BASE**

\$ 1,560,476

**NET OPERATING LOSS**

\$ (76,767)

**RATES OF RETURN**

-4.92%

This schedule is computed based on Public Service Commission of Wisconsin regulatory accounting which differs from accounting principles generally accepted in the United States as described in Note 1.

The rate of return for 2010 was (-2.25%)