

VILLAGE OF LENA
Annual Financial Report
December 31, 2012

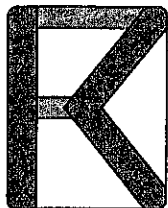
VILLAGE OF LENA

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INDEPENDENT AUDITORS' REPORT



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, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

To the Village Board
Village of Lena

Change in Accounting Principle

As discussed in Note 1, the Village adopted the provisions of Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, as of and for the year ended December 31, 2012.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

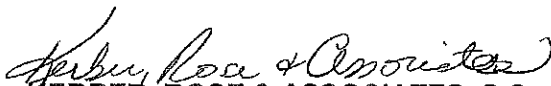
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Lena's basic financial statements. 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 basic financial statements.

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

The budgetary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.


KERBER, ROSE & ASSOCIATES, S.C.
Certified Public Accountants
March 28, 2013

FINANCIAL STATEMENTS

VILLAGE OF LENA
Statement of Net Position
As of December 31, 2012

	Governmental Activities	Business - Type Activities	Total
ASSETS			
Current Assets			
Cash	\$ 500,055	\$ 234,582	\$ 734,637
Receivables:			
Taxes	134,891	-	134,891
Customer Accounts Receivable	-	36,530	36,530
Delinquent Personal Property Taxes	212	-	212
Other Accounts Receivable	1,283	1,580	2,863
Special Assessments	11,744	9,748	21,492
Internal Balances	59,030	(59,030)	-
Prepays	111,046	-	111,046
Inventories	-	5,818	5,818
Restricted Cash	50,652	86,563	137,215
Certificate of Deposit	-	67,331	67,331
Total Current Assets	<u>868,913</u>	<u>383,122</u>	<u>1,252,035</u>
Noncurrent Assets			
Capital Assets:			
Capital Assets Not Being Depreciated	210,006	763	210,769
Other Capital Assets, Net of Depreciation	1,021,729	2,574,776	3,596,505
Total Noncurrent Assets	<u>1,231,735</u>	<u>2,575,539</u>	<u>3,807,274</u>
TOTAL ASSETS	<u>2,100,648</u>	<u>2,958,661</u>	<u>5,059,309</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	17,884	5,558	23,442
Accrued Liabilities	38,596	5,048	43,644
Accrued Interest Payable	6,959	8,028	14,987
Compensated Absences	-	17,230	17,230
Current Portion of Long-Term Obligations	25,871	34,506	60,377
Total Current Liabilities	<u>89,310</u>	<u>70,370</u>	<u>159,680</u>
Noncurrent Liabilities			
Noncurrent Portion of Long-Term Obligations	213,722	503,570	717,292
TOTAL LIABILITIES	<u>303,032</u>	<u>573,940</u>	<u>876,972</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes Levied for Subsequent Year	185,543	-	185,543
Property Tax Equivalent	26,956	-	26,956
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>212,499</u>	<u>-</u>	<u>212,499</u>
NET POSITION			
Net Investment in Capital Assets	1,026,735	2,037,463	3,064,198
Restricted	-	86,563	86,563
Unrestricted	558,382	260,695	819,077
TOTAL NET POSITION	<u>\$ 1,585,117</u>	<u>\$ 2,384,721</u>	<u>\$ 3,969,838</u>

See Accompanying Notes

VILLAGE OF LENA
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Governmental Activities:			
General Government	\$ 144,153	\$ 2,584	\$ -
Public Safety	174,307	117,047	10,018
Public Works	136,501	16,898	34,174
Culture and Recreation	79,776	4,956	32,716
Conservation and Development	1,250	-	29,422
Interest and Fiscal Charges	6,834	-	-
Total Governmental Activities	542,821	141,485	106,330
BUSINESS-TYPE ACTIVITIES			
Water	116,858	146,336	-
Sewer	202,163	149,862	-
Total Business-Type Activities	319,021	296,198	-
TOTAL	\$ 861,842	\$ 437,683	\$ 106,330

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 POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

See Accompanying Notes

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (141,569)	\$ -	\$ (141,569)
(47,242)	-	(47,242)
(85,429)	-	(85,429)
(42,104)	-	(42,104)
28,172	-	28,172
(6,834)	-	(6,834)
(295,006)	-	(295,006)
-	29,478	29,478
-	(52,301)	(52,301)
-	(22,823)	(22,823)
(295,006)	(22,823)	(317,829)
160,085	-	160,085
22,500	-	22,500
166,124	-	166,124
882	1,949	2,831
15,823	-	15,823
16,507	-	16,507
381,921	1,949	383,870
26,956	(26,956)	-
113,871	(47,830)	66,041
1,471,246	2,432,551	3,903,797
<u>\$ 1,585,117</u>	<u>\$ 2,384,721</u>	<u>\$ 3,969,838</u>

See Accompanying Notes

VILLAGE OF LENA
Balance Sheet
Governmental Funds
As of December 31, 2012

	General	Fire Department	Library Fund	Total
ASSETS				
Cash	\$ 277,650	\$ 106,919	\$ 115,486	\$ 500,055
Receivables:				
Taxes	134,891	-	-	134,891
Delinquent Personal Property Taxes	212	-	-	212
Accounts	1,283	-	-	1,283
Special Assessments	11,744	-	-	11,744
Prepays	1,009	110,037	-	111,046
Due from Other Fund	59,030	-	-	59,030
Restricted Cash	50,652	-	-	50,652
TOTAL ASSETS	\$ 536,471	\$ 216,956	\$ 115,486	\$ 868,913
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 15,928	\$ 570	\$ 1,386	\$ 17,884
Accrued Liabilities	23,460	12,199	2,937	38,596
Total Liabilities	39,388	12,769	4,323	56,480
Deferred Inflows of Resources:				
Taxes Levied for Subsequent Year	185,543	-	-	185,543
Property Tax Equivalent	26,956	-	-	26,956
Unavailable Special Assessments	11,744	-	-	11,744
Total Deferred Inflows of Resources	224,243	-	-	224,243
Fund Balances:				
Nonspendable:				
Prepays	1,009	110,037	-	111,046
Delinquent Personal Property Tax	212	-	-	212
Committed:				
Fire Suppression	-	94,150	-	94,150
Library Operations	-	-	111,163	111,163
Assigned:				
Equipment Fund	30,272	-	-	30,272
Ditch Maintenance	8,195	-	-	8,195
Building Fund	14,161	-	-	14,161
Sewer Replacement Fund	114,039	-	-	114,039
Police Equipment Fund	7,187	-	-	7,187
Street Maintenance	3,000	-	-	3,000
Unassigned	94,765	-	-	94,765
Total Fund Balances	272,840	204,187	111,163	588,190
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 536,471	\$ 216,956	\$ 115,486	\$ 868,913

See Accompanying Notes

VILLAGE OF LENA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
As of December 31, 2012

Total Fund Balances - Governmental Funds	\$ 588,190
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Total net position reported for governmental activities in the statement of net position is 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 position:

Governmental Capital Asset	3,003,861	
Governmental Accumulated Depreciation	<u>(1,772,126)</u>	1,231,735

Other long-term assets are not available to pay current period expenditures and therefore are deferred inflows of resources in the funds. Amounts previously recognized for governmental activities in the statement of net position:

Special Assessments		11,744
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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 position that are not reported in the funds balance sheet:

General Debt	(205,000)	
Accrued Interest on General Obligation Debt	(6,959)	
Vested Employee Benefits	<u>(34,593)</u>	<u>(246,552)</u>

Total Net Position - Governmental Activities	<u>\$ 1,585,117</u>
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VILLAGE OF LENA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Fire Department	Library Fund	Total
REVENUES				
Taxes	\$ 160,085	\$ -	\$ 22,500	\$ 182,585
Intergovernmental	230,966	86,342	31,116	348,424
Licenses and Permits	3,207	-	-	3,207
Fines and Forfeits	30,560	-	-	30,560
Public Charges for Services	17,187	4,353	4,123	25,663
Miscellaneous	20,681	3,396	3,225	27,302
Total Revenues	<u>462,686</u>	<u>94,091</u>	<u>60,964</u>	<u>617,741</u>
EXPENDITURES				
Current:				
General Government	135,275	-	-	135,275
Public Safety	101,704	42,547	-	144,251
Public Works	110,584	-	-	110,584
Culture and Recreation	6,311	-	64,056	70,367
Conservation and Development	1,250	-	-	1,250
Capital Outlay	143,423	-	-	143,423
Debt Service:				
Principal Retirement	71,804	-	-	71,804
Interest and Fiscal Charges	3,481	-	-	3,481
Total Expenditures	<u>573,832</u>	<u>42,547</u>	<u>64,056</u>	<u>680,435</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(111,146)</u>	<u>51,544</u>	<u>(3,092)</u>	<u>(62,694)</u>
OTHER FINANCING SOURCES				
Sale of Assets	251	-	-	251
Proceeds from Long-Term Debt	131,914	-	-	131,914
Transfer In from Utility	26,956	-	-	26,956
Total Other Financing Sources	<u>159,121</u>	<u>-</u>	<u>-</u>	<u>159,121</u>
NET CHANGE IN FUND BALANCES	<u>47,975</u>	<u>51,544</u>	<u>(3,092)</u>	<u>96,427</u>
FUND BALANCES - BEGINNING	<u>224,865</u>	<u>152,643</u>	<u>114,255</u>	<u>491,763</u>
FUND BALANCES - ENDING	<u>\$ 272,840</u>	<u>\$ 204,187</u>	<u>\$ 111,163</u>	<u>\$ 588,190</u>

See Accompanying Notes

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, 2012

Net Change in Fund Balances - Total Governmental Funds	\$ 96,427
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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 position and allocated over their estimated useful lives as annual depreciation expense.	
Capital outlay reported in governmental fund statements	143,423
Depreciation expense reported in the statement of activities	<u>(68,773)</u>
Amount by which depreciation is less than capital outlay in the current period.	74,650
The Village disposed of outdated equipment resulting in a reduction of capital assets and recapture of prior year depreciation expenses reported on the statement of activities as a net loss and has no effect on the governmental funds changes in fund balances.	
The value of capital assets disposed of during the year	(9,282)
The amount of depreciation recaptured for the year	<u>8,008</u>
Amount by which disposal exceeded depreciation	(1,274)
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	10,329
Compensated absences benefits earned in current year	<u>(14,542)</u>
Amounts paid are less than amounts earned by	(4,213)
Debt incurred in the governmental funds is reported as an other financing source in the fund financial statements, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.	
	(131,914)
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 position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year.	
	71,804
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Special Assessments	11,744
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	3,481
The amount of interest accrued during the current period	<u>(6,834)</u>
Interest paid is less than interest accrued by	<u>(3,353)</u>
Change in Net Position - Governmental Activities	\$ <u>113,871</u>

See Accompanying Notes

VILLAGE OF LENA
Statement of Net Position
Proprietary Fund
As of December 31, 2012

	Water and Sewer Utility
CURRENT ASSETS	
Cash	\$ 234,582
Receivables:	
Customer Accounts Receivable	36,530
Other Accounts Receivable	1,580
Special Assessments	9,748
Inventories	5,818
Restricted Cash	86,563
Certificate of Deposit	67,331
Total Current Assets	<u>442,152</u>
NON-CURRENT ASSETS	
Capital Assets	
Water:	
Plant in Service	1,594,972
Accumulated Depreciation	(479,042)
Sewer:	
Plant in Service	3,169,594
Accumulated Depreciation	(1,709,985)
Total Non-Current Assets	<u>2,575,539</u>
TOTAL ASSETS	<u>3,017,691</u>
CURRENT LIABILITIES	
Accounts Payable	5,558
Due to Other Fund	59,030
Accrued Payroll Expense	5,048
Accrued Interest	8,028
Accrued Compensated Absences	17,230
Current Portion of Long-Term Obligations	34,506
Total Current Liabilities	<u>129,400</u>
NON-CURRENT LIABILITIES	
Concurrent Portion of Long-Term Obligations	<u>503,570</u>
TOTAL LIABILITIES	<u>632,970</u>
NET POSITION	
Net Investment in Capital Assets	2,037,463
Restricted	86,563
Unrestricted	260,695
TOTAL NET POSITION	<u>\$ 2,384,721</u>

See Accompanying Notes

VILLAGE OF LENA

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the Year Ended December 31, 2012

	Water and Sewer Utility
OPERATING REVENUES	\$ 296,198
OPERATING EXPENSES	
Operation and Maintenance	141,628
Administration and General	43,026
Depreciation	120,392
Total Operating Expenses	305,046
OPERATING LOSS	(8,848)
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	1,949
Interest Expense	(13,975)
Total Non-Operating Revenues (Expenses)	(12,026)
LOSS BEFORE TRANSFERS	(20,874)
TRANSFERS OUT	(26,956)
CHANGE IN NET POSITION	(47,830)
NET POSITION - BEGINNING	2,432,551
NET POSITION - ENDING	\$ 2,384,721

See Accompanying Notes

VILLAGE OF LENA
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2012

	Water and Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 315,267
Cash Paid to Suppliers for Goods and Services	(113,317)
Cash Paid to Employees for Services	(73,465)
Net Cash Flows From Operating Activities	<u>128,485</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Tax Equivalent Paid to Municipality	<u>(26,956)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income Received	1,949
Redemptions of Certificate of Deposits	6,354
Net Cash Flows From Investing Activities	<u>8,303</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(19,672)
Proceeds from Long-Term Debt	35,754
Principal Payments on Long-Term Debt	(20,747)
Interest Paid	(14,062)
Net Cash Flows From Capital and Related Financing Activities	<u>(18,727)</u>
NET INCREASE IN CASH	91,105
CASH - BEGINNING	<u>230,040</u>
CASH - ENDING	<u><u>\$ 321,145</u></u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	\$ (8,848)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:	
Non-Cash Items:	
Depreciation	120,392
Changes in Operating Assets and Liabilities:	
Accounts Receivable	19,069
Accounts Payable	(5,956)
Accrued Liabilities	326
Accrued Compensated Absences	1,222
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 128,485</u></u>

See Accompanying Notes

VILLAGE OF LENA
Statement of Cash Flows - Continued
Proprietary Fund
For the Year Ended December 31, 2012

	<u>Water and Sewer Utility</u>
RECONCILIATION OF CASH PER STATEMENT OF NET POSITION TO STATEMENT OF CASH FLOWS	
Statement of Net Position Proprietary Fund:	
Cash	\$ 234,582
Restricted Cash	<u>86,563</u>
CASH PER STATEMENT OF CASH FLOWS	<u>\$ 321,145</u>

VILLAGE OF LENA
Statement of Net Position
Fiduciary Fund
As of December 31, 2012

	<u>Agency</u>
ASSETS	
Cash	\$ 157,122
Taxes Receivable	<u>418,435</u>
Total Assets	<u>575,557</u>
 LIABILITIES	
Due to Other Taxing Units	<u><u>\$ 575,557</u></u>

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 with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

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 position 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 include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) 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..

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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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.

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 measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources) or economic resources (all assets, deferred outflows of resources, liabilities, and deferred inflows of resources). 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.

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.

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 the 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 operations 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 inflows of resources 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 - 100
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.

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 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 an other financing source 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND TRANSACTIONS

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are reported as a nonspendable in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position and balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position and balance sheet reports a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

The government-wide financial statement has only two types of items that qualify for reporting in this category. Accordingly, the items, *taxes levied for subsequent year* and *property tax equivalent*, are reported in the statement of net position. The governmental funds report unearned revenues from two sources: property taxes and special assessments.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS

In fiscal 2012, the Village implemented Governmental Accounting Standards Board Statements No. 63 and No. 65, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, Net Position and Items Previously Reported as Assets and Liabilities*. The affect for the Village is previously reported net assets are reported as net position and unearned tax revenue is now considered deferred inflows of resources.

Government-Wide Statements

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

- Net investment in capital assets – 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 component of net position – Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) by law through constitutional provisions or enabling legislation reduced by liabilities related to those assets.
- Unrestricted component of net position – Is the net amount that does not meet the definition of "restricted" or "net investment in capital assets."

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.

Fund Financial Statements

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2012, the Village's bank balance of cash was \$1,099,973. 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, 2012:

Fully Insured Deposits	\$ 262,579
Collateralized with Securities held by the Pledging of Financial Institution in the Village's Name	536,217
Uncollateralized	<u>301,177</u>
Total	<u>\$ 1,099,973</u>

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2012

NOTE 3 - RESTRICTED ASSETS

Restricted assets on December 31, 2012 consisted of cash totaling \$137,215 held for the following purposes:

General Fund	
Advance Tax Collection	\$ 50,652
Enterprise Fund	
Equipment Replacement	78,755
Debt Service	<u>7,808</u>
Total Restricted Assets	<u>\$ 137,215</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 instalments 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, 2012 are detailed below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water & Sewer Utility	<u>\$ 59,030</u>	Year End Cash Flow Timing

Interfund transfers for the year ended December 31, 2012 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>\$ 26,956</u>	Tax Equivalent

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2012

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being Depreciated:				
Land and Improvements	\$ 100,006	\$ 110,000	-	\$ 210,006
Other Capital Assets				
Buildings and Improvements	920,810	9,461	-	930,271
Machinery and Equipment	1,554,413	6,790	9,282	1,551,921
Infrastructure	294,491	17,172	-	311,663
Total Capital Assets being Depreciated	2,769,714	33,423	9,282	2,793,855
Less Accumulated Depreciation for:				
Buildings and Improvements	(408,681)	(20,774)	-	(429,455)
Machinery and Equipment	(1,279,872)	(41,295)	(8,008)	(1,313,159)
Infrastructure	(22,808)	(6,704)	-	(29,512)
Total Accumulated Depreciation	(1,711,361)	(68,773)	(8,008)	(1,772,126)
Total Capital Assets Being Depreciated, Net of Depreciation	1,058,353	(35,350)	1,274	1,021,729
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,158,359</u>	<u>\$ 74,650</u>	<u>1,274</u>	<u>\$ 1,231,735</u>
Business-Type Activities				
Capital Assets not Being Depreciated:				
Land	\$ 763	\$ -	\$ -	\$ 763
Construction in Progress	-	12,625	12,625	-
Total Capital Assets not being Depreciated	763	12,625	12,625	763
Capital Assets being Depreciated				
Utility Plant	4,747,631	19,672	3,500	4,763,803
Less: Accumulated Depreciation	(2,072,135)	(120,392)	(3,500)	(2,189,027)
Total Capital Assets being Depreciated, Net of Depreciation	2,675,496	(100,720)	-	2,574,776
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 2,676,259</u>	<u>\$ (88,095)</u>	<u>\$ 12,625</u>	<u>\$ 2,575,539</u>

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2012

NOTE 6 - CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 4,665
Public Safety	28,782
Public Works	25,917
Culture and Recreation	9,409
Total Depreciation Expense - Governmental Activities	<u>\$ 68,773</u>
Business-Type Activities:	
Water Utility	\$ 33,570
Sewer Utility	86,822
Total Depreciation Expense - Business-Type Activities	<u>\$ 120,392</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, 2012:

	<u>Outstanding 1/1/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding 12/31/12</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Debt:					
State Trust Fund Loans	\$ 144,890	\$ 131,914	\$ 71,804	\$ 205,000	\$ 12,195
Vested Compensated Absences	30,380	14,542	10,329	34,593	13,676
Total Governmental Activities Long-Term Liabilities	<u>\$ 175,270</u>	<u>\$ 146,456</u>	<u>\$ 82,133</u>	<u>\$ 239,593</u>	<u>\$ 25,871</u>
Business-Type Activities					
General Obligation Debt:					
State Trust Fund Loans	\$ 285,454	\$ 35,754	\$ 8,462	\$ 312,746	\$ 21,917
Clean Water Loans	237,615	-	12,285	\$ 225,330	12,589
Total Business-Type Activities Long-Term Liabilities	<u>\$ 523,069</u>	<u>\$ 35,754</u>	<u>\$ 20,747</u>	<u>\$ 538,076</u>	<u>\$ 34,506</u>

Total interest paid during the year on long-term debt totaled \$17,456.

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2012

NOTE 7 - LONG-TERM OBLIGATIONS (Continued)

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12/31/12</u>
Governmental Activities					
Long-Term Obligations					
2011 State Trust Loan	10/12/11	03/15/21	3.75%	\$ 73,086	\$ 73,086
2012 State Trust Loan	03/06/12	03/15/21	3.75%	21,914	21,914
2012 State Trust Loan	05/01/12	03/15/32	4.00%	110,000	110,000
Total Governmental Activities Long-Term Obligations					<u>\$ 205,000</u>
Business-Type Activities					
Long-Term Obligations					
2005 State Trust Fund Loan	10/24/05	03/15/25	5.00%	\$ 79,878	\$ 63,245
2005 State Trust Fund Loan	12/13/05	03/15/25	5.00%	120,122	94,501
2011 State Trust Fund Loan	10/12/11	03/15/21	3.75%	119,245	119,246
2012 State Trust Fund Loan	03/06/12	03/15/21	3.75%	35,754	35,754
2007 Clean Water Fund Loan	05/09/07	05/01/27	2.475%	283,857	225,330
Total Business-Type Activities Long-Term Obligations					<u>\$ 538,076</u>

Debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 12,195	\$ 8,681	\$ 34,505	\$ 21,217	\$ 46,700	\$ 29,898
2014	13,337	7,538	37,775	17,944	51,112	25,482
2015	13,851	7,024	39,151	16,563	53,002	23,587
2016	14,373	6,502	40,562	15,149	54,935	21,651
2017	14,940	5,935	42,067	13,639	57,007	19,574
2018-2022	70,975	20,582	213,826	43,722	284,801	64,304
2023-2027	29,471	10,807	130,190	9,980	159,661	20,787
2028-2032	35,858	4,420	-	-	35,858	4,420
	<u>\$ 205,000</u>	<u>\$ 71,489</u>	<u>\$ 538,076</u>	<u>\$ 138,214</u>	<u>\$ 743,076</u>	<u>\$ 209,703</u>

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

The 2012 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$30,416,700. The legal debt limit and margin of indebtedness as of December 31, 2012, in accordance with Wisconsin Statutes follows:

Debt Limit (5% of \$30,416,700)	\$ 1,520,835
Deduct Long-Term Debt Applicable to Debt Margin	<u>517,746</u>
Remaining Margin of Indebtedness Available	<u>\$ 1,003,089</u>

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2012

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 \$269,696. Principal and interest paid for the current year and total Sewerage System net revenues were \$18,014 and \$149,862, respectively.

NOTE 8 - FUND EQUITY

GOVERNMENT-WIDE STATEMENTS

Net position reported on the government-wide statement of net position at December 31, 2012 includes the following:

	Governmental Activities	Business-Type Activities	Total
Net Investment in Capital Assets			
Net Capital Assets	\$ 1,231,735	\$ 2,575,539	\$ 3,807,274
Less: Related Long-Term Debt Outstanding	205,000	538,076	743,076
Net Investment in Capital Assets	1,026,735	2,037,463	3,064,198
Restricted for:			
Equipment Replacement	-	78,755	78,755
Debt Service	-	7,808	7,808
Total Restricted	-	86,563	86,563
Unrestricted	558,382	260,695	819,077
Total Government-Wide Net Position	<u>\$ 1,585,117</u>	<u>\$ 2,384,721</u>	<u>\$ 3,969,838</u>

NOTE 9 - DEFINED BENEFIT PENSION PLAN

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

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

VILLAGE OF LENA
Notes to Financial Statements
December 31, 2012

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General	5.90%	5.90%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.90%	9.00%
Protective without Social Security	5.90%	11.30%

The payroll for the Village of Lena employees covered by the System for the year ended December 31, 2012, was \$186,160; the employer's total payroll was \$247,649. The total required contributions for the year ended December 31, 2012, was \$23,995, which consisted of \$13,609, or 7.0% of payroll from the employer, and \$10,926, or 5.9% from the employees. Total contributions for the years ended December 31, 2011 and 2010 were \$23,066 and \$20,881, respectively.

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 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 years' 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 and prior to July 1, 2011 are immediately vested. Participants who initially become System eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The System also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. 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, 2012, 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. 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

As part of 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.

NOTE 13 - MAJOR CUSTOMER

Saputo Cheese USA accounted for \$91,278 of the water and sewer utility revenues during 2012.

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REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LENA
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 182,585	\$ 160,085	\$ (22,500)
Special Assessments	3,000	-	(3,000)
Intergovernmental	200,929	230,966	30,037
Licenses and Permits	3,345	3,207	(138)
Fines and Forfeits	20,050	30,560	10,510
Public Charges for Services	15,950	17,187	1,237
Miscellaneous	17,800	20,681	2,881
Total Revenues	<u>443,659</u>	<u>462,686</u>	<u>19,027</u>
EXPENDITURES			
General Government	153,519	135,275	18,244
Public Safety	94,575	101,704	(7,129)
Public Works	119,512	110,584	8,928
Culture and Recreation	26,200	6,311	19,889
Conservation and Development	1,000	1,250	(250)
Capital Outlay	68,288	143,423	(75,135)
Debt Service	6,065	75,285	(69,220)
Total Expenditures	<u>469,159</u>	<u>573,832</u>	<u>(104,673)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(25,500)</u>	<u>(111,146)</u>	<u>(85,646)</u>
OTHER FINANCING SOURCES			
Sale of Assets	-	251	251
Proceeds from Long-Term Debt	-	131,914	131,914
Transfers In for Utility	25,500	26,956	1,456
Total Other Financing Sources	<u>25,500</u>	<u>159,121</u>	<u>133,621</u>
NET CHANGE IN FUND BALANCE	-	47,975	47,975
FUND BALANCE - BEGINNING	<u>224,865</u>	<u>224,865</u>	-
FUND BALANCE - ENDING	<u>\$ 224,865</u>	<u>\$ 272,840</u>	<u>\$ 47,975</u>

See Accompanying Notes to Budgetary Comparison Schedules

VILLAGE OF LENA**Schedule of Revenues, Expenditures and Changes in Fund Balance****Budget and Actual****Fire Department Fund****For the Year Ended December 31, 2012**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental Revenues	\$ 79,500	\$ 86,342	\$ 6,842
Charges for Service	4,000	4,353	353
Investment Income	300	180	(120)
Donations	9,000	-	(9,000)
Miscellaneous	4,800	3,216	(1,584)
Total Revenues	97,600	94,091	(3,509)
EXPENDITURES			
Public Safety:			
Salaries and Wages	1,800	988	812
Employee Benefits	125	102	23
Man Hours Expense	8,500	5,455	3,045
Clothing Allowance	7,500	434	7,066
Training Expense	13,500	7,940	5,560
Utilities	5,750	4,961	789
Insurance	8,300	7,710	590
Vehicle and Equipment Repairs	7,850	8,868	(1,018)
Fuel Expense	2,500	2,308	192
Miscellaneous	2,350	3,781	(1,431)
Total Expenditures	58,175	42,547	15,628
NET CHANGE IN FUND BALANCE	39,425	51,544	12,119
FUND BALANCE - BEGINNING	138,153	152,643	(14,490)
FUND BALANCE - ENDING	\$ 177,578	\$ 204,187	\$ (2,371)

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, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
General Property Taxes	\$ 22,500	\$ 22,500	\$ -
Intergovernmental	34,845	31,116	(3,729)
Public Charges for Services	4,000	4,123	123
Investment Income	500	212	(288)
Donations	600	3,013	2,413
Total Revenues	<u>62,445</u>	<u>60,964</u>	<u>(1,481)</u>
EXPENDITURES			
Culture and Recreation:			
Salaries and Wages	43,000	42,185	815
Employee Benefits	2,000	1,851	149
Training Expense	600	664	(64)
Books, Videos and Periodicals	5,500	5,902	(402)
Automation Expense	4,500	4,344	156
Utilities	4,500	4,223	277
Postage	1,000	1,125	(125)
Building Expenses	750	1,216	(466)
Miscellaneous	1,250	2,546	(1,296)
Total Expenditures	<u>63,100</u>	<u>64,056</u>	<u>(956)</u>
NET CHANGE IN FUND BALANCE	(655)	(3,092)	(2,437)
FUND BALANCE - BEGINNING	<u>114,255</u>	<u>114,255</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 113,600</u>	<u>\$ 111,163</u>	<u>\$ (2,437)</u>

See Accompanying Notes to Budgetary Comparison Schedules

VILLAGE OF LENA
Notes to Budgetary Comparison Schedules
For the Year Ended December 31, 2012

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, 2012:

General Fund	\$	7,129
Public Safety		250
Conservation and Development		75,135
Capital Outlay		69,220
Debt Service		
Fire Department Fund		
Public Safety:		
Vehicle and Equipment Repairs		1,018
Miscellaneous		1,431
Library Fund		
Culture and Recreation:		
Training Expense		64
Books, Videos and Periodicals		402
Postage		125
Building Expenses		466
Miscellaneous		1,296

SUPPLEMENTARY INFORMATION

VILLAGE OF LENA
Schedule of Operating Revenues and Expenses
Water and Sewer Utility
For the Year Ended December 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Metered Sales:			
Residential	\$ 26,308	\$ 97,463	\$ 123,771
Commercial	5,429	27,434	32,863
Industrial	72,125	8,755	80,880
Public Authorities	3,151	15,514	18,665
Total Metered Sales	<u>107,013</u>	<u>149,166</u>	<u>256,179</u>
Private Fire Protection	1,512	-	1,512
Public Fire Protection	36,279	-	36,279
Total Sales of Water	<u>144,804</u>	<u>149,166</u>	<u>293,970</u>
Other Operating Revenues:			
Customer Forfeited Discounts	-	356	356
Miscellaneous Operating Revenue	1,532	340	1,872
Total Operating Revenue	<u>146,336</u>	<u>149,862</u>	<u>296,198</u>
OPERATING EXPENSES			
Operation and Maintenance:			
Operation Labor	24,163	37,179	61,342
Power Purchased for Pumping	29,138	25,049	54,187
Chemicals for Sewage Treatment	587	-	587
Maintenance and Repairs	8,139	12,065	20,204
Operating Supplies	602	1,768	2,370
Operating Transportation Expenses	1,469	1,469	2,938
Total Operation and Maintenance	<u>64,098</u>	<u>77,530</u>	<u>141,628</u>
Administrative and General:			
Salaries	6,831	6,840	13,671
Office Supplies	327	385	712
Outside Services Employed	1,975	15,705	17,680
Utilities	961	462	1,423
Property Insurance	1,978	2,159	4,137
Miscellaneous	1,265	4,138	5,403
Total Administrative and General Expenses	<u>13,337</u>	<u>29,689</u>	<u>43,026</u>
Other Operating Expenses:			
Depreciation	33,570	86,822	120,392
TOTAL OPERATING EXPENSES	<u>111,005</u>	<u>194,041</u>	<u>305,046</u>
OPERATING INCOME (LOSS)	<u>35,331</u>	<u>(44,179)</u>	<u>(8,848)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	245	1,704	1,949
Interest Expense	(5,853)	(8,122)	(13,975)
Total Non-Operating Revenues (Expenses)	<u>(5,608)</u>	<u>(6,418)</u>	<u>(12,026)</u>
TRANSFERS OUT	<u>(26,604)</u>	<u>(352)</u>	<u>(26,956)</u>
CHANGE IN NET POSITION	<u>\$ 3,119</u>	<u>\$ (50,949)</u>	<u>\$ (47,830)</u>

VILLAGE OF LENA
Schedule of Detailed Budgetary Revenues and Other Financing Sources Comparison
General Fund
For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
TAXES			
General Property Taxes	\$ 182,585	\$ 160,085	\$ (22,500)
SPECIAL ASSESSMENTS	3,000	-	(3,000)
INTERGOVERNMENTAL			
Shared Revenues	165,755	165,787	32
General Highway Aids	34,174	34,174	-
Local Road Improvement	-	29,422	29,422
Computer Aid	400	337	(63)
Police Training Aid	600	480	(120)
School Patrol Aid	-	766	766
Total Intergovernmental	200,929	230,966	30,037
LICENSES AND PERMITS			
Liquor and Malt Beverage Licenses	1,700	1,746	46
Operators Licenses	700	702	2
Cigarette Licenses	50	50	-
Dog and Cat Licenses	150	133	(17)
Building Permits	600	395	(205)
Other Permits	100	131	31
License Publication Fees	45	50	5
Total Licenses and Permits	3,345	3,207	(138)
FINES AND FORFEITS			
Court Penalties and Fines	20,000	30,560	10,560
Parking Violations	50	-	(50)
Total Fines and Forfeits	20,050	30,560	10,510
PUBLIC CHARGES FOR SERVICES			
Clerk's Revenue	100	86	(14)
Police Department	500	203	(297)
Garbage Bag Revenue	7,500	8,598	1,098
Garbage and Dump Revenue	150	206	56
Recycling	7,100	8,094	994
Weed and Nuisance Control	200	-	(200)
Snow Removal	400	-	(400)
Total Public Charges for Services	15,950	17,187	1,237

VILLAGE OF LENA

Schedule of Detailed Budgetary Revenues and Other Financing Sources Comparison

General Fund

For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
MISCELLANEOUS			
Miscellaneous General Revenue	\$ 1,400	\$ 3,460	\$ 2,060
Interest Income	600	490	(110)
Rent	15,800	16,731	931
Total Miscellaneous	<u>17,800</u>	<u>20,681</u>	<u>2,881</u>
Total Revenues	<u>443,659</u>	<u>462,686</u>	<u>19,027</u>
OTHER FINANCING SOURCES			
Sale of Assets	-	251	251
Proceeds from Long-Term Debt	-	131,914	131,914
Transfers In from Utility	25,500	26,956	1,456
Total Other Financing Sources	<u>25,500</u>	<u>159,121</u>	<u>133,621</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 469,159</u>	<u>\$ 621,807</u>	<u>\$ 152,648</u>

VILLAGE OF LENA

Schedule of Detailed Budgetary Expenditures Comparison

General Fund

For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
GENERAL GOVERNMENT			
Village Board	\$ 7,000	\$ 6,776	\$ 224
Village President	2,000	1,375	625
Municipal Court	9,000	8,751	249
Legal	2,500	615	1,885
Administrative	1,700	1,929	(229)
Clerk/Treasurer	30,884	27,220	3,664
Elections	3,500	2,517	983
Finance	8,000	7,800	200
Assessor	4,500	4,420	80
Village Hall Expenses	14,550	11,708	2,842
Insurance	13,300	14,472	(1,172)
Retirement	8,140	8,382	(242)
Social Security	10,470	10,587	(117)
Health Insurance	28,575	28,635	(60)
Travel Expense	400	88	312
Miscellaneous	9,000	-	9,000
Total General Government	153,519	135,275	18,244
PUBLIC SAFETY			
Police Salaries and Wages	50,575	57,026	(6,451)
Police Operations	16,500	15,847	653
Fire Protection	20,700	21,657	(957)
Rescue Squad	6,200	5,850	350
Building Inspection	600	1,324	(724)
Total Public Safety	94,575	101,704	(7,129)
PUBLIC WORKS			
Salaries and Wages	38,412	39,305	(893)
Clothing Allowance	500	257	243
Street Maintenance	25,100	18,601	6,499
Street Cleaning	1,000	405	595
Snow Removal	4,000	4,508	(508)
Street Lighting	22,000	21,227	773
Sidewalks	1,500	1,000	500
Street Signs and Markings	2,000	1,260	740
Garage and Building	200	269	(69)
Sanitation	9,500	8,271	1,229
Recycling	14,100	13,810	290
Weed Cutting	1,200	1,671	(471)
Total Public Works	119,512	110,584	8,928

VILLAGE OF LENA
Schedule of Detailed Budgetary Expenditures Comparison - Continued
General Fund
For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
CULTURE AND RECREATION			
General Recreation	\$ 400	\$ 196	\$ 204
Celebrations and Entertainment	3,300	6,115	(2,815)
Library	22,500	-	22,500
Total Culture and Recreation	<u>26,200</u>	<u>6,311</u>	<u>19,889</u>
CONSERVATION AND DEVELOPMENT			
Community Development	<u>1,000</u>	<u>1,250</u>	<u>(250)</u>
CAPITAL OUTLAY			
General Government	59,288	122,256	(62,968)
Public Safety	5,000	3,995	1,005
Public Works	4,000	17,172	(13,172)
Total Capital Outlay	<u>68,288</u>	<u>143,423</u>	<u>(75,135)</u>
DEBT SERVICE			
Principal	2,285	71,804	(69,519)
Interest	3,780	3,481	299
Total Debt Service	<u>6,065</u>	<u>75,285</u>	<u>(69,220)</u>
TOTAL EXPENDITURES	<u>\$ 469,159</u>	<u>\$ 573,832</u>	<u>\$ (104,673)</u>

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Other Matters

In addition, we felt the other matters described in the following paragraphs were important to the operations of the Village. These matters may involve internal controls, general operations, recommendations for the adoption of policies and other such items that we feel will enhance the Village of Lena.

Prior Year Observations

Concentration of Cash (per 12/31/04 letter)

The Village should consider the amounts of uninsured cash and the associated risk. The uninsured cash at December 31, 2012 was \$301,177. The Village should consider obtaining additional collateral or place deposits in various banks for greater protection of assets.

Status (12/31/12)

This remains an issue the Village needs to address. The Village has obtained some collateral but the Village still has uninsured cash at December 31, 2012 of \$301,177.

Other Items

Replacement Fund for Sewer Plant Equipment

The Village is required to maintain replacement funds to be in compliance with sewer grants received in prior years. The Village's sewer user charge ordinance requires the Village to set aside \$7,884 per year to be used to finance replacement and major repairs of certain listed sewer plant items. An analysis of the cash status of the fund follows:

	Clean Water
Required Replacement Fund Amount - January 1, 2012	\$ 70,871
2012 Required Addition	7,884
Less: 2012 Expenditures From Replacement Fund	-
Required Replacement Fund Amount - December 31, 2012	<u>78,755</u>
Replacement Fund Investment Activities:	
Investment Balance - January 1, 2012	143,042
2012 Additions	1,530
Interest Earned on Replacement Fund Investments	-
Investment Balance - December 31, 2012	<u>144,572</u>
Less: Excess Balance - December 31, 2012	<u>\$ (65,817)</u>

Other Items - Continued

The water department's rate of returns is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
UTILITY PLANT			
Beginning	\$ 557,880	\$ 494,576	\$ 495,072
Ending	566,645	557,880	494,576
Average	<u>562,263</u>	<u>526,228</u>	<u>494,824</u>
ACCUMULATED DEPRECIATION			
Beginning	(130,582)	(132,369)	(121,827)
Ending	(141,461)	(130,582)	(132,369)
Average	<u>(136,022)</u>	<u>(131,476)</u>	<u>(127,098)</u>
MATERIALS AND SUPPLIES INVENTORY			
Beginning	6,411	6,155	6,261
Ending	5,694	6,411	6,155
Average	<u>6,053</u>	<u>6,283</u>	<u>6,208</u>
REGULATORY LIABILITY			
Beginning	(81,219)	(87,988)	(94,755)
Ending	(74,450)	(81,218)	(87,988)
Average	<u>(77,835)</u>	<u>(84,603)</u>	<u>(91,372)</u>
AVERAGE NET RATE BASE	<u>\$ 354,459</u>	<u>\$ 316,433</u>	<u>\$ 282,563</u>
NET OPERATING INCOME	<u>\$ 29,717</u>	<u>\$ 29,762</u>	<u>\$ 38,915</u>
RATES OF RETURN	<u>8.38%</u>	<u>9.41%</u>	<u>13.77%</u>

Other Items - Continued


The sewer department's rate of returns is as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
UTILITY PLANT			
Beginning	\$ 3,163,408	\$ 3,138,087	\$ 3,116,261
Ending	3,169,594	3,163,408	3,138,087
Average	<u>3,166,501</u>	<u>3,150,748</u>	<u>3,127,174</u>
ACCUMULATED DEPRECIATION			
Beginning	(1,624,247)	(1,556,547)	(1,471,769)
Ending	(1,709,987)	(1,624,247)	(1,556,547)
Average	<u>(1,667,117)</u>	<u>(1,590,397)</u>	<u>(1,514,158)</u>
MATERIALS AND SUPPLIES INVENTORY			
Beginning	125	125	125
Ending	125	125	125
Average	<u>125</u>	<u>125</u>	<u>125</u>
AVERAGE NET RATE BASE	<u>\$ 1,499,509</u>	<u>\$ 1,560,476</u>	<u>\$ 1,613,141</u>
NET OPERATING LOSS	<u>\$ (44,179)</u>	<u>\$ (76,767)</u>	<u>\$ (36,260)</u>
RATES OF RETURN	<u>-2.95%</u>	<u>-4.92%</u>	<u>-2.25%</u>

Closing

We thank you for allowing us to be of service to the Village of Lena. We received complete cooperation and appreciate your consideration of our comments and your implementation of suggestions.

This information is intended solely for the use by the Village Board, management, and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.


KERBER, ROSE & ASSOCIATES, S.C.
Certified Public Accountants
March 28, 2013