VILLAGE OF SUMMIT
Summit, Wisconsin

Basic Financial Statements
And Additional Information

Year Ended December 31, 2012

VILLAGE OF SUMMIT
Summit, Wisconsin

Year Ended December 31, 2012

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Independent Auditor's Report

To the Village Board
Village of Summit
Summit, 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 Summit, Wisconsin, as of and for the year ended December 31, 2012, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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.

Auditor's 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 Village'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 Village'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.

Opinion

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 Summit, Wisconsin, as of December 31, 2012, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reilly, Penner & Benton LLP
1233 N. Mayfair Road Suite #302 • Milwaukee, WI 53226-3255 • 414-271-7800
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Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Summit, Wisconsin's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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.

Reilly, Penner & Benton LLP

February 23, 2013
Milwaukee, Wisconsin

Village of Summit, Waukesha County, Wisconsin
Management's Discussion and Analysis
December 31, 2012

(UNAUDITED)

The Village of Summit was incorporated by the State of Wisconsin from the remaining Town of Summit on July 29, 2010. As management of the Village of Summit, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Village's year ended December 31, 2012. The Town implemented the provisions of Governmental Accounting Standards Board Statement 34 effective for the Town on January 1, 2005. The Village of Summit has continued these standards. Based on the fact that this is the eighth year implementing these provisions, we can present comparative information for several years. Future management discussion and analysis reports will continue to build on this material to give a more long-term view.

Throughout the document we will attempt to identify actions of the Village Board as appropriate in the report.

Financial Highlights

The assets of the Village of Summit exceeded its liabilities at the close of the most recent fiscal year by $9,344,912, a decrease of about $100,000 from 2011. This decrease resulted from the on-going reduction in cash on hand for Summit Utility District #2. The Utility Commission addressed this situation in December, 2012 with an Amended Final Special Assessment Resolution.

This represents the second year that the Village of Summit includes GASB 54 fund balance reporting descriptions as part of the Financial Statements. This information provides a clearer fund balance classification that can be more consistently applied. This change established fund balance classifications in a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in government funds. The new categories include Non-spendable, Restricted, Committed, Assigned and Unassigned. Page 34 of the Notes to Financial Statements further describes these classifications.

As of the close of the current fiscal year, Summit's governmental funds reported combined ending fund balances of $2,194,490, an increase of about $100,000. This increase came from deferred revenues in the Genesee Lakes Utility District as the District reimbursed the Village for expenses related to the outfall pipe installation in 2010 - 2011. Of the $2,194,490 ending fund balance, approximately 80% of this total amount, $1,765,033 represents monies available for spending at the government's discretion (Unassigned, Assigned or Committed Funds). At year-end, management had committed $1,286,978 from these monies and assigned another $40,165 for specific purposes.

At the end of the current fiscal year the Unassigned fund balance for the general fund was $438,230, or 15.3% of total general fund expenditures. Summit's total debt decreased by about $660,000 during the current fiscal year due to the–on-going repayment of Business-Type Activities bonds for two Utility Districts and the final debt payment on the 10-year borrowing for parkland acquisition.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village of Summit's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

Overview of the Financial Statements (continued)

The *statement of net position* presents information on all of the Village of Summit's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of an improving or deteriorating financial position for the Village. Since 2007, the total liabilities and new assets for the community have increased by $991,835, to $26,025,325. This value exists in spite of ongoing depreciation of the Village's utility system infrastructure.

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

Both of the government-wide financial statements distinguish functions of the Village of Summit 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 of Summit include general government, public safety, public works, leisure activities, health and human services. In 2012 the Village also provided stormwater and flood hazard mitigation activities in the Genesee Lakes Utility District. The business-type activities of the Village include Silver Lake Utility District and Summit Utility District #2, wherein the Village provides District administrative, billing, and limited property maintenance services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Summit, 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 two categories: governmental funds and enterprise funds. Within each of these classes there are also identified major and non-major funds. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
c. In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

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 a government's near-term financing requirements.

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

Overview of the Financial Statements (continued)

The Village of Summit maintains one major governmental fund. 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 which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation and listed as non-major governmental funds. These six funds include the Debt Service, Land Acquisition, Impact Fee, Genesee Lakes Utility District, Summit Utility District #3 and Cemetery Funds. Individual fund data for each of these non-major government funds is provided in the form of *combining statements* elsewhere in this report.

The Village of Summit adopts an annual appropriated budget for the entire general fund and various other funds as required by state statute. A budgetary comparison statement has been provided as required supplementary information for the general fund to demonstrate compliance with the adopted budget.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village of Summit maintains two proprietary funds. The proprietary fund financial statements provide separate information for the Silver Lake Utility District and Summit Utility District #2, which are considered to be major *enterprise funds* of the Village of Summit.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village of Summit's own programs. The Village maintains a Tax Roll Fund for this purpose. The accounting used for fiduciary funds is much like that used for governmental funds.

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 25-49 of this report.

Supplementary information

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information. Combining statements and schedules can be found on pages 51-52 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Summit, assets exceeded liabilities by $9,344,912 at the close of the most current fiscal year, as presented in the following table. This is an increase of over $5,068,000 since December 31, 2005 and reflects a commitment on the part of the Village to reduce the long-term liabilities

Village of Summit Net Position

December 31, 2012 and December 31,2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$4,335,873	$4,158,205	$ 4,757,258	$ 5,104,647	$ 9,093,131	$ 9,262,852
Capital assets	4,202,157	4,306,725	12,730,037	13,023,634	16,932,194	17,330,359
Total assets	$8,538,030	$8,464,930	$17,487,295	$18,128,281	$26,025,325	$26,593,211
Current and other liabilities	$2,231,701	$2,263,292	$ 4,159,676	$ 4,044,054	$ 6,344,051	$ 6,307,346
Long-term liabilities	570,705	425,666	9,718,331	10,410,172	10,289,036	10,835,838
Total liabilities	$2,802,406	$2,688,958	$13,878,007	$14,454,226	$17,143,184	$17,143,184
Net position:						
Net investment in capital assets	$3,943,019	$4,125,246	$ 2,407,326	$ 2,042,123	$ 6,350,345	$ 6,167,369
Restricted	411,909	352,159	500,387	572,124	912,296	924,283
Unrestricted	1,380,696	1,298,567	701,575	1,059,808	2,082,271	2,358,375
Total net position	$5,735,624	$5,775,972	$ 3,609,288	$ 3,674,055	$ 9,344,912	$ 9,450,027

The Village of Summit uses 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.

Government-Wide Financial Analysis (continued)

Governmental activities

Governmental activities decreased the Village of Summit's net position by $7,449. Major reasons for this change are noted below:

Village of Summit's Changes in Net Position
For the Years ending December 31, 2012 and December 31, 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for services	$ 1,007,629	$ 800,050	$ 664,884	$ 675,890	$ 1,672,513	$ 1,475,940
Operating grants and contributions	221,416	204,702	---	---	221,416	204,702
Capital grants and contributions	12,000	499,576	28,973	81,690	40,973	581,266
General Revenues:						
Property taxes	1,378,370	1,349,470	362,724	218,808	1,741,094	1,568,278
Taxes levied for debt service	121,675	166,951	---	---	121,675	166,951
Other taxes	23,790	25,312	---	---	23,790	25,312
Intergovernmental	142,265	163,156	---	---	142,265	163,156
Investment income	16,713	38,435	5,479	7,817	22,192	46,252
Loss on disposal of assets	(9,954)	(8,049)	---	---	(9,954)	(8,049)
Miscellaneous	16,879	11,758	11,977	---	28,856	11,758
Total revenues	2,930,783	3,251,361	1,074,037	984,205	4,004,820	4,235,566
Expenses:						
General government	560,423	527,973	---	---	560,423	527,973
Public safety	1,316,209	1,201,720	---	---	1,316,209	1,201,720
Public works	990,942	853,136	---	---	990,942	853,136
Culture, education and recreation	28,286	32,582	---	---	28,286	32,582
Health and human services	31,290	30,983	---	---	31,290	30,983
Interest and fiscal charges	11,082	10,420	---	---	11,082	10,420
Utility Districts	---	---	1,138,804	1,103,557	1,138,804	1,103,557
Total expenses	2,938,232	2,656,814	1,138,804	1,103,557	4,077,036	3,760,371
Change in net position	(7,449)	594,547	(64,767)	(119,352)	(72,216)	475,195
Net Position – Jan. 1	5,775,972	5,181,425	3,674,055	3,793,407	9,450,027	8,974,832
Prior Period Adjustment	(32,899)	---	---	---	(32,899)	---
Net Position – Dec. 31	$ 5,735,624	$ 5,775,972	$ 3,609,288	$ 3,674,055	$ 9,344,912	$ 9,450,027

Government-Wide Financial Analysis (continued)

Business-type activities

Business-type activities continued to reduce the Village of Summit's net position, during 2012 by $64,767. The Summit Utility District #2 functions to collect and transport sanitary sewage to the Del-Hart Treatment Plant in the City of Delafield. The operating revenue for Summit Utility District #2 during the current fiscal year was $535,932, generated by monthly charges for treatment. This is a decrease of $20,000 from 2011 but still $143,000 more than collected in 2005. Operating expenses for the current fiscal year increased by $49,000 to $312,171. The depreciation of the utility assets cost the District $239,096, an amount nearly identical to the past five years. Including these depreciation costs results in an operating loss of $15,335 compared to a positive income in 2011 of $59,149.

The District continues to suffer from net non-operating revenue losses from the various interest expenses; in this instance another $78,325. Total net position for the Summit Utility District #2 decreased by $66,742 in spite of conservative maintenance and administrative expenses. Net position at the end of 2012 total $2,085,471. In late 2012 the Utility Commission addressed this situation by proposing an Amended Final Special Assessment to include up to 48 properties not included in the funds from the previous assessment. These decisions and monies should appear as part of the 2013 and following statements.

The Silver Lake Utility District contracted with the City of Oconomowoc in 2005 for the installation of sanitary sewer through the entire District. This work was completed on January 6, 2006 and continues to be operated by the City of Oconomowoc. As such, all operating revenue goes directly for treatment charges. Expenses for the District included administrative costs totaling $31,999 during the current fiscal year. In November, 2011 the Silver Lake Utility Commission adopted a 10-year Financial Management Plan. This Plan included an increase in the annual tax levy to off-set ongoing deterioration in the non-operating revenues. Readers can see that the 2012 net non-operating revenues now show a positive income value of $1,975. The Net position in the Silver Lake Utility District at the end of 2012 total $1,523,817.

Financial Analysis of the Government's Funds

Summit uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds

The focus of the Summit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the community's financing requirements. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village of Summit's governmental funds reported combined ending fund balances of $2,194,490, an increase of $110,272 in comparison with the prior year and $158,406 more than when the Village incorporated in 2010.

Of the $2,194,490 ending fund balance, approximately 20% of this total amount ($437,890) constitutes *Unassigned monies* available for spending at the government's discretion. Management has assigned another $40,165 to pay for future equipment replacement in the police and highway departments. The Village Board committed $45,699 in a fund for retiree health insurance premiums and another $1,241,279 for Facility Improvements. $17,548 of prepaid expenses represents non-spendable fund balance. The Village Board has restricted the remainder of the fund balance for work or continuing care in the Summit Cemetery ($288,246), 2) for a variety of other parkland acquisition and development uses($3,040), 3) for Genesee Lakes Utility District ($17,506), or 4) for payments as allowed by Wisconsin Statutes in the Summit Fire District, Summit Police Department or Summit Park and Recreation Department (Impact Fees of $103,117).

Financial Analysis of the Government's Funds

Proprietary funds

The Village of Summit's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

User charge rates for Summit Utility District #2 have been charged since completion of the system in 2002. All of the developed properties in the district are connected and served as of December 31, 2007. The 2004 and 2008 District audits identified on-going concerns over the long-term financing of the District. The District commissioners completed a financial plan in November, 2011 that extends through 2027. The Commission cited this plan as the basis for increased quarterly charges and tax levy in 2012. The Commission also prepared an amended Final Special Assessment Resolution for action in early 2013. The Commission expects to use the Plan and update this information on an annual basis. Copies of this Plan are available on the Village's website or from the Village Administrator.

The Silver Lake Utility District completed installation of the sanitary sewer on January 6, 2006. All of the developed properties are connected and served as of December 31, 2011. The District Commissioners completed a financial analysis in the spring of 2006 and refinanced the project into a 10-year general obligation note in September, 2006. The overall strength of the District is secure. This District was also part of the 2011 Financial Management Plan for the Village. Based on this Plan the commission adopted a single change in the annual tax assessment to stabilize the long-term funding of this District. Copies of this financial management plan are available on the Village's website or from the Village Administrator.

Capital Asset and Debt Administration

Capital Assets

The Village of Summit inherited all of the assets and liabilities of the Town of Summit when incorporation was approved by the State of Wisconsin on July 29, 2010. This inheritance included all of the Town's prior investment in capital assets for its governmental and business-type activities. As of December 31, 2012, these investments amount to $16,932,194, a decrease of $398,165 (net of accumulated depreciation). The governmental-type investment in capital assets includes land, land improvements, buildings, machinery and equipment and street infrastructure. Major capital asset changes during the current fiscal year include the purchase of a police squad and generator for the Village Hall. The Village's governmental activities capital assets, net of depreciation total $4,202,157, $104,568 less than December 31, 2011.

The business-type investment in capital assets includes land, land improvements, buildings, machinery and equipment and sanitary sewer infrastructure. The Village's business activities capital assets, net of depreciation totals $12,730,037, this is $293,597 less than December 31, 2011.

Capital Asset and Debt Administration

Village of Summit - Capital Assets (net of accumulated depreciation)
December 31, 2012 and 2011

	Governmental Activities		Business-Type Activities		Total	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**
Land (not being depreciated)	$ 1,076,620	$ 1,078,420	$ 92,861	$ 92,861	$ 1,169,481	$ 1,171,281
Construction in Progress	---	---	---	---	---	---
Buildings	42,310	34,232	1,570,498	1,610,258	1,612,808	1,644,490
Vehicles and Equipment	471,719	530,113	609,235	650,638	1,080,954	1,180,751
Infrastructure	2,611,508	2,663,960	---	---	2,611,508	2,663,960
Sewer system and services	---	---	8,604,422	8,762,355	8,604,422	8,762,355
Investment in City of Oconomowoc treatment plant	---	---	1,853,021	1,907,522	1,853,021	1,907,522
Total	$ 4,202,157	$ 4,306,725	$ 12,730,037	$ 13,023,634	$ 16,932,194	$ 17,330,359

Additional information on the Village's capital assets can be found in Note 3(E).

Additional information on the Village's capital assets for Business-Type Activities can be found in the separate Financial Statements for the Summit Utility District #2 and Silver Lake Utility District, Note 5 of each report.

Long-term debt

At the end of the current fiscal year, the Village of Summit had total debt outstanding of $11,064,135. Of this amount, $9,742,934 comprises debt backed by the full faith and credit of the government. The remainder of the Village's governmental activities debt ($322,535) represents accumulated sick pay benefits. The Village Board voted in December, 2011 to finance the unfunded retirement liability during 2012 and pay this $71,652 liability over five years. Beyond this, the business-type activities in the Summit Utility District #2 account for revenue bonding ($998,666).

The Village's total debt decreased by $627,748 during the current fiscal year. The decrease in debt results from the annual repayment of debt in Summit Utility District #2, Silver Lake Utility District and the final debt payment on the Village Park property.

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total equalized valuation of taxable property within the Village's jurisdiction. The current debt limitation for the Village of Summit is $46,949,420 which is significantly in excess of the Village's outstanding general obligation debt. The Village's current debt includes approximately 20.75% of the overall statutory amount available.

Additional information on the Village of Summit's long-term debt can be found in note 3(F).

Economic Factors and Other Budget Notes

The Village of Summit agreed to several changes in service providers for 2012. The Village Board agreed to expand the police department staffing by two full-time officers as the Agreement for Police Services with the Village of Dousman started on January 1, 2012. The Village Board also contracted with the Dousman Fire Department for ambulance service throughout 2012. On December 31, 2012 the Summit Fire District dissolved and the entire Village of Summit became part of the Dousman Fire District. An ownership agreement with the adjacent Village of Dousman and Town of Ottawa addressed financing, ownership and governance issues in this District.

Currently the Village's equalized value has been determined by the State of Wisconsin at $938,988,400, a market decline of about $25 million. Combined with 2011, this change reduces the Village's valuation by nearly $50 million, over 13% lower than the current assessed values. The Village has contracted with Grota Appraisals to complete a re-assessment effective January 1, 2013.

The Village of Summit tax rate for 2012 was $1.3561 per $1,000 of assessed value (mil rate). The Village will continue to maintain a low property tax without cutting essential services by keeping administrative costs down and controlling unnecessary expenditures. The 2011 budgeted tax levy increased by 3.43¢ per $1,000 of assessed value.

The Village has a full time Village Clerk, Village Treasurer/Deputy Clerk and Village Administrator. While the Administrator is the Chief Financial Officer of the Village and is required to monitor revenues and control expenses to prevent exceeding the various departments' expenditures established by the budget, the Clerk insures proper capital funding for the future and that the Village's capital investments are protected and future maintenance and replacement cost are minimized. Also, the Village Board reviewed and updated the 2011 Financial Management Plan to provide for funds that will adequately meet both current and future debt service needs.

As part of the 2011 financial planning the Village Board and staff developed a 5-year Capital Improvement Plan. The Board and staff updated this Plan for 2013-2017, including possible expenditures for utility district sewer repairs, park improvements, road repairs and upgrades, vehicle and equipment replacement and office furnishings. The Village Board used this tool as part of the 2013 budgeting process to determine both funding sources and expenditures. The Village's 2013 adopted budget was approved November 1, 2012 following a public hearing that same evening.

The Village's full-time police staff levels increased by two full-time officers as part of the service agreement with the Village of Dousman. The officers are organized and affiliated with the Wisconsin Professional Police Association. The Village's contract with the Association expires on December 31, 2014. Within this contract, the Village agreed to wage increases in each year. The police association offset these wage increases by agreeing to contribute additional monies to their health insurance premiums and State pension system. The Village continued participation in the State of Wisconsin Health Insurance program in an effort to diminish the increases in premium expenses.

The Village continues to maintain the road system by seal-coating and crack-filling on an annual basis. In 2012 the Village devoted $65,000 to this activity for resurfacing roadways in the Oakshire Subdivision north of STH 18. The Village also completed reconstruction of Interlaken Drive and Cedar Lane at a cost of $55,000. The Village's paving schedule is based on the State of Wisconsin PASER road rating system.

Requests for Information

This financial report is designed to provide a general overview of the Village of Summit's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to:

Henry Elling
Village Administrator
2911 North Dousman Road
Oconomowoc, Wisconsin 53066

(262) 567-2757
ellingh@summittown.org

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
December 31, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Assets:			
Cash and investments	$ 3,211,920	$ 519,677	$ 3,731,597
Taxes receivable	1,069,315	494,417	1,563,732
Accounts receivable	31,380	159,684	191,064
Internal balances	5,710	(5,710)	---
Prepaid expenses	17,548	---	17,548
Unamortized debt issuance costs	---	87,461	87,461
Restricted Assets:			
Cash and investments	---	270,397	270,397
Special assessments receivable	---	3,159,323	3,159,323
Connection charges receivable	---	72,009	72,009
Capital Assets:			
Land and construction in progress	1,076,620	92,861	1,169,481
Other capital assets, net of accumulated depreciation	3,125,537	12,637,176	15,762,713
Total assets	$ 8,538,030	$ 17,487,295	$ 26,025,325
Liabilities and Net Position:			
Liabilities:			
Accounts payable	$ 187,848	$ 515,716	$ 703,564
Accrued wages and benefits	26,696	---	26,696
Deferred revenues	1,926,839	2,769,154	4,695,993
Accrued interest	7,060	108,043	115,103
Liabilities payable from restricted assets:			
Accrued interest	---	2,913	2,913
Current portion of revenue bonds	---	8,026	8,026
Connection charges payable	---	72,009	72,009
Accrued compensated absences - sick	322,535	---	322,535
Bonds and notes - due within one year	83,258	683,815	767,073
Bonds and notes - due in more than one year	248,170	9,718,331	9,966,501
Total liabilities	2,802,406	13,878,007	16,680,413
Net Position:			
Net investment in capital assets	3,943,019	2,407,326	6,350,345
Restricted for:			
Equipment replacement	---	218,048	218,048
Other	411,909	282,339	694,248
Unrestricted	1,380,696	701,575	2,082,271
Total net position	5,735,624	3,609,288	9,344,912
Total liabilities and net position	$ 8,538,030	$ 17,487,295	$ 26,025,325

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Activities
For the Year Ended December 31, 2012

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Activities:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental:							
General government	$ 560,423	$ 102,213	$ 12,108	$ ---	$ (446,102)	$ ---	$ (446,102)
Public safety	1,316,209	413,512	32,329	---	(870,368)	---	(870,368)
Public works	990,942	420,601	149,479	---	(420,862)	---	(420,862)
Health and human services	31,290	25,200	27,500	---	21,410	---	21,410
Culture, education and recreation	28,286	46,103	---	12,000	29,817	---	29,817
Interest and fiscal charges	11,082	---	---	---	(11,082)	---	(11,082)
Total governmental activities	2,938,232	1,007,629	221,416	12,000	(1,697,187)	---	(1,697,187)
Business-type:							
Silver Lake Utility District	196,055	128,952	---	17,390	---	(49,713)	(49,713)
Summit Utility District No. 2	942,749	535,932	---	11,583	---	(395,234)	(395,234)
Total business-type activities	1,138,804	664,884	---	28,973	---	(444,947)	(444,947)
Total Primary Government	$ 4,077,036	$ 1,672,513	$ 221,416	$ 40,973	(1,697,187)	(444,947)	(2,142,134)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					1,378,370	362,724	1,741,094
Property taxes, levied for debt service					121,675	---	121,675
Other taxes					23,790	---	23,790
Intergovernmental revenues not restricted to specific programs					142,265	---	142,265
Investment income					16,713	5,479	22,192
Loss on retirement of capital assets					(9,954)	---	(9,954)
Miscellaneous					16,879	11,977	28,856
Total General Revenues					1,689,738	380,180	2,069,918
Change in net assets					(7,449)	(64,767)	(72,216)
Net position - beginning					5,775,972	3,674,055	9,450,027
Prior period adjustment					(32,899)	---	(32,899)
Net position - beginning, as adjusted					5,743,073	3,674,055	9,417,128
Net position - ending					$ 5,735,624	$ 3,609,288	$ 9,344,912

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Balance Sheet
Governmental Funds
December 31, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Cash and investments	$ 2,656,721	$ 555,199	$ 3,211,920
Receivables			
Taxes	1,001,392	67,923	1,069,315
Accounts	31,380	---	31,380
Due from other funds	113,584	17,506	131,090
Prepaid expenses	17,548	---	17,548
Total assets	$ 3,820,625	$ 640,628	$ 4,461,253
Liabilities and Fund Balance:			
Liabilities:			
Accounts payable	$ 187,848	$ ---	$ 187,848
Accrued wages and benefits	26,696	---	26,696
Due to other funds	---	125,380	125,380
Deferred revenues	1,823,160	103,679	1,926,839
Total liabilities	2,037,704	229,059	2,266,763
Fund Balances (Deficit):			
Nonspendable	17,548	---	17,548
Restricted	---	411,909	411,909
Committed	1,286,978	---	1,286,978
Assigned	40,165	---	40,165
Unassigned	438,230	(340)	437,890
Total fund balance	1,782,921	411,569	2,194,490
Total liabilities and fund balance	$ 3,820,625	$ 640,628	$ 4,461,253

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

December 31, 2012

Total fund balance of governmental funds		$ 2,194,490
Amounts reported for governmental activities in the Government-wide Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements.		
Land and construction in progress	$ 1,076,620	
Other capital assets net of accumulated depreciation	3,125,537	
		4,202,157
The following long-term liabilities which are not due and payable in the current period are not reported in the fund financial statements.		
Bonds and notes payable	(331,428)	
Compensated absences payable - sick pay	(322,535)	
Unfunded retirement liability	-	
Accrued interest payable on long-term bonds and notes	(7,060)	
		(661,023)
Total net position of governmental activities		$ 5,735,624

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
General property tax	$ 1,320,786	$ 203,049	$ 1,523,835
Operating grants and contributions:			
Intergovernmental	324,073	---	324,073
Other	12,108	27,500	39,608
Licenses and permits	128,605	---	128,605
Fines, forfeitures and penalties	59,746	---	59,746
Public charges for services	452,460	15,504	467,964
Intergovernmental charges for services	351,314	---	351,314
Investment income	12,872	3,841	16,713
Other revenues	16,879	---	16,879
Total revenues	2,678,843	249,894	2,928,737
Expenditures:			
Current:			
General government	552,405	---	552,405
Public safety	1,339,851	---	1,339,851
Public works	890,749	20,893	911,642
Health and human services	30,375	915	31,290
Culture, recreation and education	20,310	---	20,310
Capital outlay	39,697	---	39,697
Debt service:			
Principal	---	116,479	116,479
Interest and fiscal charges	---	5,196	5,196
Total expenditures	2,873,387	143,483	3,016,870
Excess (deficit) of revenues over (under) expenditures	(194,544)	106,411	(88,133)
Other Financing Sources (Uses):			
Bonds and notes issued	194,138	---	194,138
Proceeds from sale of capital assets	4,267	---	4,267
Transfers in	3,686	---	3,686
Transfers out	---	(3,686)	(3,686)
Total other financing sources (uses)	202,091	(3,686)	198,405
Net change in fund balance	7,547	102,725	110,272
Fund Balance, beginning of year	1,775,374	308,844	2,084,218
Fund Balance, end of year	$ 1,782,921	$ 411,569	$ 2,194,490

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended December 31, 2012

Net change in fund balances - total governmental funds		$ 110,272
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the government-wide statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation.		
Governmental capital outlay in the fund financial statements	$ 39,697	
Depreciation expense in government-wide financial statements	(109,146)	
		(69,449)
In the statement of activities, the net gain or loss on the sale or retirement of capital assets is reported. However, in the governmental funds, only the proceeds from the sale of capital assets provides a current financial resource to be reported. Therefore, the change in fund balance differs from the change in net assets by the cost of the assets sold or retired net of the accumulated depreciation on those assets.		(14,220)
Certain capital assets acquired by the Village are contributed to the Village by outside parties. As no current financial resources were acquired by the Village as a result of these contributions, these contributions are not recorded in the governmental funds.		12,000
Governmental funds report proceeds from the issuance of long-term debt as other financing sources, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of long-term debt principal are expenditures in the governmental funds but the repayments reduce long-term liabilities in the statement of net assets.		
Proceeds from the issuance of debt in governmental fund financial statements		(194,138)
Principal payments on debt in governmental fund financial statements		116,479
Interest on long-term debt in the governmental funds is reported as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest costs are reported as they accrue, regardless of when they are due.		
This is the amount by which the current accrual exceeds the prior year accrual.		(5,886)
Certain expenses do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds. These expenses are accrued in the government-wide statement of net assets and reported as expenses in the statement of activities.		
Increase in accrued compenstated absences - sick pay		(34,159)
Decrease in unfunded retirement liability		71,652
Net change in net position		$ (7,449)

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities - Enterprise Funds		
	Summit Utility District No. 2	**Silver Lake Utility District**	**Total**
Assets:			
Current Assets:			
Cash and investments	$ 220,146	$ 299,531	$ 519,677
Receivables:			
Customer	132,856	26,828	159,684
Taxes	341,128	50,000	391,128
Special charges on the tax roll	---	103,289	103,289
Total current assets	694,130	479,648	1,173,778
Non-Current Assets:			
Restricted assets:			
Cash and investments	270,397	---	270,397
Special assessments receivable	2,604,024	555,299	3,159,323
Connection charges receivable	---	72,009	72,009
Capital assets:			
Land	92,861	---	92,861
Capital assets being depreciated	13,290,953	2,180,025	15,470,978
Accumulated depreciation	(2,506,798)	(327,004)	(2,833,802)
Other assets:			
Unamortized debt issuance costs	81,386	6,075	87,461
Total non-current assets	13,832,823	2,486,404	16,319,227
Total assets	$ 14,526,953	$ 2,966,052	$ 17,493,005

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities - Enterprise Funds: Summit Utility District No. 2	Business-Type Activities - Enterprise Funds: Silver Lake Utility District	Total
Liabilities and Net Position:			
Liabilities:			
Current Liabilities:			
Accounts payable	$ ---	$ 3,714	$ 3,714
Accrued interest	97,995	10,048	108,043
Due to other funds	3,616	2,094	5,710
Deferred revenues	312,762	50,000	362,762
Current portion of general obligation debt	365,524	230,000	595,524
Current portion of revenue bonds	88,291	---	88,291
Total current liabilities	868,188	295,856	1,164,044
Liabilities payable from restricted assets:			
Accrued interest	2,913	---	2,913
Current portion of revenue bonds	8,026	---	8,026
Connection charges payable	---	72,009	72,009
Total liabilities payable from restricted assets	10,939	72,009	82,948
Non-Current Liabilities:			
General obligation debt	8,055,982	760,000	8,815,982
Revenue bonds	902,349	---	902,349
Due to other utilities	512,002	---	512,002
Deferred revenues	2,092,022	314,370	2,406,392
Total non-current liabilities	11,562,355	1,074,370	12,636,725
Total liabilities	12,441,482	1,442,235	13,883,717
Net Position:			
Net investment in capital assets	1,538,230	869,096	2,407,326
Restricted for:			
Equipment replacement	218,048	---	218,048
Other	41,410	240,929	282,339
Unrestricted	287,783	413,792	701,575
Total net position	2,085,471	1,523,817	3,609,288
Total liabilities and net position	$ 14,526,953	$ 2,966,052	$ 17,493,005

The accompanying notes to financial statements are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds
Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds: Summit Utility District No. 2	Business-Type Activities - Enterprise Funds: Silver Lake Utility District	Total
Operating Revenues	$ 535,932	$ 128,952	$ 664,884
Operating Expenses			
Operation and maintenance	190,990	65,180	256,170
Administrative and general	121,181	31,999	153,180
Depreciation	239,096	---	239,096
Amortization	---	54,501	54,501
Total operating expenses	551,267	151,680	702,947
Operating Loss	(15,335)	(22,728)	(38,063)
Non-Operating Revenues (Expenses)			
Taxes	312,724	50,000	362,724
Investment income	3,791	1,688	5,479
Interest on special assessments	---	17,390	17,390
Miscellaneous revenues	11,977	---	11,977
Interest expense	(391,482)	(44,375)	(435,857)
Total non-operating revenues (expenses)	(62,990)	24,703	(38,287)
Income (loss) before Contributions	(78,325)	1,975	(76,350)
Capital Contributions	11,583	---	11,583
Change in Net Position	(66,742)	1,975	(64,767)
Net Position - Beginning of year	2,152,213	1,521,842	3,674,055
Net Position - End of year	$ 2,085,471	$ 1,523,817	$ 3,609,288

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities - Enterprise Funds		
	Summit Utility District No. 2	Silver Lake Utility District	Total
Cash Flows From Operating Activities:			
Receipts from customers	$ 529,836	$ 129,123	$ 658,959
Payments to suppliers	(300,729)	(94,763)	(395,492)
Net cash provided by operating activities	232,723	34,360	267,083
Cash Flows From Noncapital Financing Activities			
Taxes received	312,724	50,000	362,724
Cash Flows From Capital and Related Financing Activities:			
Special assessments received	228,971	102,974	331,945
Debt retired	(447,914)	(220,000)	(667,914)
Interest paid	(386,702)	(44,732)	(431,434)
Net cash used by capital and related financing activities	(605,645)	(161,758)	(767,403)
Cash Flows From Investing Activities:			
Investment earnings	3,791	24,030	27,821
Net change in cash and equivalents	(56,407)	(53,368)	(109,775)
Cash and equivalents, beginning of year	546,950	352,899	899,849
Cash and equivalents, end of year	$ 490,543	$ 299,531	$ 790,074

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2012
(Continued)

	Business-Type Activities - Enterprise Funds		
	Summit Utility District No. 2	**Silver Lake Utility District**	**Total**
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Loss	$ (15,335)	$ (22,728)	$ (38,063)
Miscellaneous revenues	11,977	---	11,977
Noncash items in operating loss:			
Depreciation	239,096	---	239,096
Amortization	---	54,501	54,501
Changes in assets and liabilities:			
Customer accounts receivable	(11,714)	171	(11,543)
Due from municipality	(6,359)	---	(6,359)
Other receivables	15,781	---	15,781
Accounts payable	---	322	322
Due from (to) other funds	3,616	2,094	5,710
Due to other utilities	(4,339)	---	(4,339)
Net cash flows provided by operating activities	$ 232,723	$ 34,360	$ 267,083
Reconciliation of Cash and Equivalents to the Statement of Net Position Accounts			
Unrestricted - current	$ 220,146	$ 299,531	$ 519,677
Restricted - non-current	270,397	---	270,397
Cash and cash equivalents	$ 490,543	$ 299,531	$ 790,074
Noncash Capital Activities:			
Special assessments assessed	$ 11,583	$ ---	$ 11,583

The accompanying notes to financial statements
are an integral part of these statements.

VILLAGE OF SUMMIT
Summit, Wisconsin

Statement of Net Position - Fiduciary (Agency) Fund
December 31, 2012

		Tax Roll Fund
Assets:		
Cash and investments	$	6,577,179
Taxes receivable		8,014,898
Total assets	$	14,592,077
Liabilities:		
Due to other governmental units	$	14,592,077

The accompanying notes to financial statements are an integral part of these statements.

1. Summary of Significant Accounting Policies

The accounting policies of the Village of Summit, Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board ("GASB").

A. Financial Reporting Entity

This report includes all of the funds of the Village of Summit ("Village"). The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. This report does not contain any component units.

The Village has included in its financial statements for the following entities, which are not considered separate entities with corporate powers:

Community Development Authority

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or a segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that 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:

- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

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

The Village reports the following major funds:

Major Governmental Fund

- 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 transactions except those legally or administratively required to be accounted for in another fund.

Major Enterprise Funds

- Silver Lake Utility District Fund – This Fund accounts for operations of the sanitary sewer system.
- Summit Utility District No. 2 Fund – This Fund accounts for operations of the sanitary sewer system.

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

The Village reports the following non-major funds:

- Debt Service Fund – accounts for the accumulation of resources for, and the payment of, general long-term obligations principal, interest and related costs (other than debt accounted for in the Proprietary Funds).

- Special Revenue Funds – are used to account for revenues requiring separate accounting because of legal or regulatory provisions, and consist of the following individual funds:

  Land Acquisition and Public Improvements Fund
  Impact Fees Funds
  Genesee Lakes Utility District Fund
  Summit Utility District #3 Fund

- Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

  Cemetery Fund

In addition, the Village reports the following fund types:

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

Tax Roll Fund

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's sewer 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.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with the expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues. Delinquent special assessments being held by the county are reported as receivable and deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent years' operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Village has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when a Village has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds allow the accrual basis of accounting, and do not have a measurement focus.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Position or Fund Balance

Cash and Investments

For the purpose of the statement of net position and for the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment in Village funds is restricted by Wisconsin state statues. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank or trust company maturing 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, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority
- Bonds or securities issued or guaranteed by the federal government
- The Local Government Investment Pool
- Any security maturing in seven years or less and having the highest or second highest rating category of 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.

The Village has adopted an investment policy. That policy follows the state statue for allowable investments.

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Position or Fund Balance (continued)

Cash and Investments (continued)

The Village may deposit funds in authorized banks, the Wisconsin Local Government Investment Pool and Wisconsin Investment Trust without restriction of amounts. The Village may deposit funds in savings and loan associations and credit unions up to $500,000. Deposits in authorized banks may be limited to $500,000 upon the determination of the Investment Officer of the Village that circumstances exist regarding the viability of the bank.

The Village's investment policy does not address other types of risks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated to the general fund. The difference between the bank statement and carrying value is due to outstanding checks and/or deposits in transit.

Receivables

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are provided. In addition to property taxes for the municipality, taxes are collected for and remitted to the state and county governments as well as the local and vocational school districts. Taxes for all state and other local governmental units billed in the current year for the succeeding year are reflected as receivables and as due to other taxing units on the statement of net position – fiduciary (agency) fund. Taxes are levied in December on the assessed value as of the prior January 1.

Property Tax Calendar – 2012 Tax Roll:

Lien and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	July 31, 2013
Personal property taxes due in full	January 31, 2013
Tax sale by County - 2012 delinquent real estate taxes	October 2015

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the enterprise funds because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment and intangible assets, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than $5,000 for general capital assets and $5,000 for infrastructure assets, and an estimated useful life in excess of five years. This threshold was raised from $100 to $5,000 in 2012. All capital assets are valued at historical cost or estimated historical costs if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but GASB No. 34 does not require the Village to retroactively report all major general infrastructure assets. As of December 31, 2012, the Village has not retroactively reported all infrastructure acquired by its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed funds proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Machinery and Equipment	7 - 20 years
Infrastructure	50 - 65 years
Utility System	5 - 80 years
Investment in City of Oconomowoc treatment plant	40 years

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets acquired in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund. Fixed assets used in proprietary fund operations are accounted for in the same manner as in the government-wide statements.

Other Assets

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

Compensated Absences

The Village does not accrue vacation or sick leave, but rather expenses these costs as paid. Vacation time is not cumulative from year to year. Accumulated sick leave benefits up to a maximum of 120 days are payable upon retirement. There are no provisions for payment of accumulated sick leave benefits if employment is terminated prior to retirement. Accumulated benefits are recorded as expenditures in the funds statements in the year used. Due to the long-term nature of the accumulated sick leave benefits, the governmental funds do not report this liability in the fund financial statements. The accumulated sick leave benefits are recorded as long-term debt in the government-wide financial statements.

Long-term Obligations and Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the debt and premiums on issuance are reported as other financing sources. Discounts on issuance are reported as other financing uses. Payments of principal and interest, losses on debt refundings, as well as costs of issuance are reported as expenditures. The accounting for proprietary fund obligations is the same in the fund financial statements as it is in the government-wide financial statements.

For the government-wide statements, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable is shown as an increase or decrease in the liability section of the balance sheet.

The Village, under the authority of the Community Development Authority, has permitted the issuance of Redevelopment Revenue Bonds ("RRB") for a privately-owned company with the Village limits. The Village has no obligation for the RRBs in the event of default by the borrowers. Accordingly, no liability for the bonds is included in the Village's financial statements. The aggregate amount of these conduit obligations outstanding as of December 31, 2012 was $14,545,000.

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

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 funds. 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 statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

Net Position Classifications

Government-Wide Statements

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

a. **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.

b. **Restricted net position** – Consists of net position 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) law through constitutional provisions or enabling legislation.

c. **Unrestricted net position** – All other net position 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.

1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, and Net Position or Fund Balance (continued)

Fund Balance Classifications

Fund Statements

Governmental fund equity is classified as fund balance. GASB establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made is identifying amounts that are considered nonspendable. Fund balance is further classified as restricted, committed, assigned and unassigned. The Village's fund balance classification policies and procedures are as follows:

a. Nonspendable – Amounts that cannot be spent because they are either not in spendable form (i.e. convertible into cash) or legally required to be maintained intact.

b. Restricted – Either externally imposed or imposed by law through constitutional provisions or enabling legislation.

c. Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's Board of Trustees.

d. Assigned – Amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed.

e. Unassigned – The residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

Currently, the Village does not have an official policy regarding the fund balance classifications. Amounts noted as committed relate to constraints previously approved by the Board of Trustees as designated funds in prior years. Amounts noted as assigned relate to constraints currently and previously approved by either the Village Administrator or designated department heads.

The Village's current fund balance policy is to maintain a minimum unassigned fund balance of 15% of total General Fund budgeted revenues.

Proprietary fund equity is classified in the same manner as in the Government-wide statements.

E. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (February 23, 2013). Subsequent to year end, Summit Utility District No. 2 authorized the issuance of General Obligation Refunding Bonds in the amount of $9,495,000 on February 7, 2013. See note 3F for additional information. Also subsequent to year end, the Summit Fire District, which the Village participated in, has dissolved. The Village will receive 78% of the remaining value of the District. The amount to be received has not yet been determined and is pending a close-out audit of the District, so no amount has been accrued by the Village at December 31, 2012.

2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1. C.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the fund level of expenditure.

B. Excess Expenditures Over Appropriations

Department	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund:			
Public safety	$ 1,272,009	$ 1,339,851	$ (67,842)
Public works	866,868	890,749	(23,881)

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

C. Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At December 31, 2012, the following fund had a deficit fund balance:

Fund	Amount
Summit Utility District #3	$ 340

The deficit will be financed through tax levies in future periods.

3. Detail Notes on Transaction Classes and Accounts

A. Cash and Investments

As of December 31, 2012, the Village held the following cash and investments.

	Custodial Balance	Carrying Amount
Cash and Equivalents:		
Demand deposits	$ 10,335,328	$ 10,579,173

Reconciliation to Financial Statements:	
Cash and equivalents:	
Per Statement of Net Position:	
Cash and investments	$ 3,731,597
Restricted assets – cash and investments	270,397
Per Statement of Net Position – Fiduciary (Agency) Fund	6,577,179
Total cash and investments	$ 10,579,173

Deposits in local and area banks are insured by the FDIC in the amount of $250,000 per financial institution. Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of $400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total coverage and other legal implications, recovery of material principal losses may be significant to individual municipalities. Accordingly, this coverage has not been included when calculating the insured amount of such deposits.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and/or proceeds from borrowing may have resulted in uninsured balances during the year significantly exceeding uninsured amounts at year end.

Custodial Credit Risk - Cash and Investments

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it.

As of December 31, 2012, the Village's demand deposits were exposed to custodial credit risk in that $277,699 of those balances were uninsured and uncollateralized. $8,536,562 was collateralized with securities held by the pledging financial institution, but not in the Village's name.

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does not have any investments exposed to custodial credit risk.

B. Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

3. Detail Notes on Transaction Classes and Accounts (continued)

B. Receivables (continued)

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

		Unearned
Property taxes receivable for subsequent year	$	1,926,839
Total deferred/unearned revenue for governmental funds	$	1,926,839

At the end of the current fiscal year, the various components of unearned revenue in the proprietary funds were as follows:

		Unearned
Property taxes receivable for subsequent year	$	362,762
Deferred special assessments		2,406,392
Total unearned revenue for proprietary funds	$	2,769,154

Note receivable

In January 2008, the Village loaned $140,000 to the Summit Fire District. The loan is interest free and requires four equal annual payments of $30,000 and a final payment of $20,000 beginning on October 1, 2009. The balance has been paid off as of December 31, 2012.

C. Restricted Assets

The following represent the balances of the restricted assets:

Long-term Debt Accounts

Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.

Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.

Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.

Equipment Replacement Account

The Summit Utility District No. 2 established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

3. Detail Notes on Transaction Classes and Accounts (continued)

C. Restricted Assets (continued)

Equipment Replacement Account (continued)

The following is a list of restricted assets at December 31, 2012:

		Restricted Assets
Bond redemption account	$	10,939
Equipment replacement account		218,048
Operations and maintenance account		41,410
Special assessments receivable		3,159,323
Connection charges receivable		72,009
Total restricted assets	$	3,501,729

D. Interfund Balances and Transfers

Internal Balances (Due to (from) other funds)

Balances due to and from other funds include interfund accounts receivable or payable for goods or services received or provided. Interfund balances are the result of timing differences and are settled on a monthly basis.

Receivable Fund	Payable Fund		Amount
General Fund	Other governmental funds	$	125,380
General Fund	Summit Utility District No. 2		3,616
General Fund	Silver Lake Utility District		2,094

All amounts are due within one year. The principal purpose of these interfund balances is the allocation of commingled cash and investment balances. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

Transfers

Transfers between governmental funds are summarized as follows:

Transfers in	Transfers out		Amount
General Fund	Other governmental funds	$	3,686

Transfers from other governmental funds to the General Fund were made to transfer investment income from the Cemetery Fund.

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets

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

Governmental Activities

	Balance January 1, 2012	Additions	Disposals	Prior Period Adjustment	Balance December 31, 2012
Nondepreciable capital assets:					
Land	$ 1,078,420	$ ---	$ ---	(1,800)	$ 1,076,620
Construction in progress	---	---	---	---	---
Total nondepreciable capital assets	1,078,420	---	---	(1,800)	1,076,620
Depreciable capital assets:					
Vehicles and Equipment	1,163,339	39,697	(26,544)	(273,058)	903,434
Buildings and Improvement	392,584	12,000	---	(2,448)	402,136
Infrastructure	2,794,737	---	---	---	2,794,737
Total depreciable capital assets	4,350,660	51,697	(26,544)	(275,506)	4,100,307
Less accumulated depreciation:					
Vehicles and Equipment	633,225	55,180	(12,324)	(244,366)	431,715
Buildings and Improvement	358,352	1,515	---	(41)	359,826
Infrastructure	130,778	52,451	---	---	183,229
Total accumulated depreciation	1,122,355	109,146	(12,324)	(244,407)	974,770
Net depreciable capital assets	3,228,305	57,449	(14,220)	(31,099)	3,125,537
Net total capital assets	$ 4,306,725	$ 57,449	$ (14,220)	(32,899)	$ 4,202,157

Depreciation was charged to governmental functions as follows:

General government	$ 2,859
Public safety	24,032
Public works	74,280
Culture and recreation	7,975
Total depreciation	$ 109,146

3. Detail Notes on Transaction Classes and Accounts (continued)

E. Capital Assets (continued)

Business-type Activities

	Balance January 1, 2012	Addition	Disposals	Balance December 31, 2012
Nondepreciable capital assets:				
Land	$ 92,861	$ ---	$ ---	$ 92,861
Total nondepreciable capital assets	92,861	---	---	92,861
Depreciable capital assets:				
Buildings	1,987,978	---	---	1,987,978
Sewer system and services	10,260,674	---	---	10,260,674
Equipment	1,042,301	---	---	1,042,301
Investment in City of Oconomowoc treatment plant	2,180,025	---	---	2,180,025
Total depreciable capital assets	15,470,978	---	---	15,470,978
Accumulated depreciation	(2,540,205)	(293,597)	---	(2,833,802)
Net depreciable capital assets	12,930,773	(293,597)	---	12,637,176
Net total capital assets	$ 13,023,634	$ (293,597)	$ ---	$ 12,730,037

Depreciation was charged to business-type activities as follows:

Business-type Activities	
Summit Utility District No. 2	$ 239,096
Silver Lake Utility District	54,501
Total depreciation	$ 293,597

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General obligation debt	$ 253,769	$ 194,138	$ (116,479)	$ 331,428	$ 83,258
Other liabilities:					
Vested compensated absences	288,376	34,379	(220)	322,535	---
Unfunded retirement liability	71,652	---	(71,652)	---	---
Total long-term obligations	$ 613,797	$ 228,517	$ (188,351)	$ 653,963	$ 83,258
Business-type Activities:					
Long-term debt:					
General obligation debt	$ 9,986,360	$ ---	$ (574,854)	$ 9,411,506	$ 595,524
Revenue bonds	1,091,726	---	(93,060)	998,666	96,317
Total long-term debt	$ 11,078,086	$ ---	$ (667,914)	$ 10,410,172	$ 691,841

Subsequent to year end, a significant amount of the long-term debt outstanding was refinanced by the issuance of a General Obligation Refinancing Bond in the amount of $9,495,000 dated February 7, 2013.

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village, and will be retired by resources derived from various sources, including property tax levies, special assessments and impact fees. Details of general obligation debt are presented below:

	Date of Issue	Maturity Date	Interest Rate	Original Indebtedness	Balance 12/31/12
Notes:	06/13/01	05/01/21	3.50%	$ 5,895,593	$ 3,271,506
	11/17/11	03/15/16	3.25%	65,000	65,000
	12/20/11	03/15/16	3.75%	72,290	72,290
	08/24/12	03/15/17	2.75%	194,138	194,138
Bonds:	09/01/06	09/01/26	4.35-4.50%	5,200,000	5,150,000
	04/15/06	04/01/16	4.00-4.13%	2,015,000	990,000
Total general obligation debt					$ 9,742,934
Government activity debt					$ 331,428
Business-type activity debt					9,411,506
Total general obligation debt					$ 9,742,934

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

General Obligation Debt (continued)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. As of December 31, 2012, the Village has used 20.75% of the debt limit.

The following summarizes the debt limit calculation as of December 31, 2012:

Equalized Value January 1, 2012	$	938,988,400
Debt limit (5% of equalized value)	$	46,949,420
General Obligation Debt outstanding		(9,742,934)
Remaining Margin of Indebtedness Available	$	37,206,486
Ratio of applicable general obligation debt to debt limit		20.75 %

Unfunded Retirement Liability

In January 2012, the Village paid off the balance of the unfunded retirement liability with the Wisconsin Retirement System. The Village used proceeds from a 2011 debt issue to pay off the balance of $71,652.

Revenue Bonds

Summit Utility District No. 2 revenue bonds are payable solely from revenues generated by the District. A statutory mortgage lien upon the sewerage system and any additions, improvements, and extensions thereto is created by Section 66.0621 of the Wisconsin Statutes as provided for in the resolutions authorizing the revenue bond issues. The earnings of the District remain subject to the lien until payment in full of the principal and interest on the bonds.

Details of revenue bonds outstanding are presented below:

	Date of Issue	Maturity Date	Interest Rate	Original Indebtedness	Balance 12/31/12
Revenue Bonds:					
Sewer System Revenue Bonds	06/13/01	05/01/21	3.50%	$ 1,799,698	$ 998,666

All District revenues net of specified operating expenses are pledged as security of the above revenue bonds until the bonds are defeased. Total principal and interest paid for 2012 was $129,642. Total net revenues as defined by the bond resolution for the same period were $770,198.

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Debt Maturities

Debt service requirements to maturity for long-term debt are as follows:

Governmental Activities:

	General Obligation Debt		Revenue Bonds		
Year	Principal	Interest	Principal	Interest	Total
2013	$ 83,258	$ 9,120	$ ---	$ ---	$ 92,378
2014	71,339	7,990	---	---	79,329
2015	73,560	5,769	---	---	79,329
2016	75,843	3,487	---	---	79,330
2017	27,428	1,113	---	---	28,541
2018-2022	---	---	---	---	---
2023-2027	---	---	---	---	---
Totals	$ 331,428	$ 27,479	$ ---	$ ---	$ 358,907

Business-type Activities:

	General Obligation Debt		Revenue Bonds		
Year	Principal	Interest	Principal	Interest	Total
2013	$ 595,524	$ 372,211	$ 96,317	$ 33,268	$ 1,097,320
2014	621,567	348,927	99,688	29,838	1,100,020
2015	647,997	324,895	103,177	26,287	1,102,356
2016	669,827	300,083	106,789	22,613	1,099,312
2017	437,071	279,724	110,526	18,811	846,132
2018-2022	2,739,520	1,149,656	482,169	34,478	4,405,823
2023-2027	3,700,000	421,295	---	---	4,121,295
Totals	$ 9,411,506	$ 3,196,791	$ 998,666	$ 165,295	$ 13,772,258

Total Primary Government

	General Obligation Debt		Revenue Bonds		
Year	Principal	Interest	Principal	Interest	Total
2013	$ 678,782	$ 381,331	$ 96,317	$ 33,268	$ 1,189,698
2014	692,906	356,917	99,688	29,838	1,179,349
2015	721,557	330,664	103,177	26,287	1,181,685
2016	745,670	303,570	106,789	22,613	1,178,642
2017	464,499	280,837	110,526	18,811	874,673
2018-2022	2,739,520	1,149,656	482,169	34,478	4,405,823
2023-2027	3,700,000	421,295	---	---	4,121,295
Totals	$ 9,742,934	$ 3,224,270	$ 998,666	$ 165,295	$ 14,131,165

3. Detail Notes on Transaction Classes and Accounts (continued)

F. Long-Term Obligations (continued)

Debt Issuance Costs

Governmental Activities:

Debt issuance costs are recognized as expenditures in the year in which they occur in the fund financial statements, but deferred and amortized using the straight-line method over the life of the debt issue in the government-wide statements. Deferred amounts are reported in the asset section of the statement of net position similar to a prepaid expense.

Business-type Activities:

Debt issuance costs are deferred and amortized using the straight-line method over the life of the debt issue in both the fund statements and the government-wide statements. Deferred amounts are reported in the asset section, similar to a prepaid expense, in both the fund statements and the government-wide statements.

Activity for the year ended December 31, 2012 is summarized as follows:

	Balance January 1, 2012	Additions	Amortization	Balance December 31, 2012
Business-type Activities	$ 96,575	$ ---	$ (9,114)	$ 87,461

Other Debt Information

Estimated payments of compensated absences and unfunded retirement liability are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund. The unfunded retirement liability attributable to governmental activities was paid off in the beginning of the current fiscal year.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The Village believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances

Government-wide Financial Statement Net Position

Governmental Activities

Governmental net position consist of the following:

Net Investment in Capital Assets:		
Land	$ 1,076,620	
Other capital assets net of accumulated depreciation	3,125,537	
Less: related long-term debt, net of unamortized debt issuance costs	(259,138)	
Total Net Investment in Capital Assets		$ 3,943,019
Restricted for:		
Other:		
Land acquisition	3,040	
Cemetery	288,246	
Genesee Lakes Utility District	17,506	
Impact fees	103,117	
Total Restricted for Other		411,909
Unrestricted		1,380,696
Total Governmental Net Position		$ 5,735,624

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Government-Wide Financial Statement Net Position (continued)

Business-type Activities

Business-type net position consist of the following:

Net Investment in Capital Assets:		
Land	$ 92,861	
Other capital assets net of accumulated depreciation	12,637,176	
Less: related long-term debt, net of unamortized debt issuance costs	(10,322,711)	
Net Investment in Capital Assets		$ 2,407,326
Restricted for:		
Equipment replacement:		
Restricted cash and investments		218,048
Other:		
Restricted cash and investments	52,349	
Special assessments receivable	3,159,323	
Connection charges receivable	72,009	
Less: accrued interest	(2,913)	
Less: current portion of revenue bonds	(8,026)	
Less: connection charges payable	(72,009)	
Less: due to other utilities	(512,002)	
Less: deferred revenues	(2,406,392)	
Total restricted for other		282,339
Unrestricted		701,575
Total Business-type Net Position		$ 3,609,288

3. Detail Notes on Transaction Classes and Accounts (continued)

G. Net Position and Fund Balances (continued)

Fund Financial Statements

Governmental fund balances consist of the following:

Major Funds:		
General Fund:		
Nonspendable:		
Prepaid expenses		$ 17,548
Committed:		
Retiree health insurance	$ 45,699	
Facility improvements	1,241,279	
Subtotal		1,286,978
Assigned:		
Equipment replacement		40,165
Unassigned		438,230
Total General Fund		$ 1,782,921
Nonmajor Governmental Funds:		
Restricted:		
Land acquisition	$ 3,040	
Cemetery	288,246	
Genesee Lakes Utility District	17,506	
Impact fees	103,117	
Subtotal		$ 411,909
Unassigned		(340)
Total nonmajor governmental funds		$ 411,569

4. Other Notes

A. Employee Pension Plan

All eligible Village of Summit 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 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 WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 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 WRS.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational 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.

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 Teachers, and 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 contributions unless provided by an existing collective bargaining agreement. Contribution rates for 2012 are:

	Employee	Employer
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	11.4%
Protective without Social Security	5.8%	13.7%

The payroll for Village of Summit employees covered by WRS for the year ended December 31, 2012 was $1,042,891; the employer's total payroll was $1,131,838. The total required contribution for the year ended December 31, 2012 was $159,958, which consisted of $111,705, or 10.7% of payroll from the employer and $48,253, or 4.8% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were $136,024 and $123,835, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service)) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average 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 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility 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, P.O. Box 7931, Madison, Wisconsin 53707-7931.

4. Other Notes (continued)

B. Risk Management

The Village is exposed to various risks of loss related to torts; theft of; damage to, or destruction of assets; and errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There are no significant reductions in coverage compared to the prior year.

C. Contingent Liabilities

From time to time, the Village is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and of the Village attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the Village's financial position or results of operations.

D. Police Contract

Starting in 2011, the Village began providing police services to a local municipality. The Village received $262,500 in the current year related to these services. In 2013, the services will provide approximately $286,000 in revenues for the Village.

5. Prior Period Adjustment

Prior to 2012, the Village defined capital assets as assets with an initial cost of more than $100 for general capital assets and $100 for infrastructure assets, and an estimated useful life in excess of one year. During 2012, the Village raised this threshold from $100 to $5,000. As a result of this change in accounting principle, all assets with a cost of less than $5,000 were removed from the fixed asset records. The net book value of these assets was $32,899 and appears as a prior period adjustment on the government-wide statement of activities.

VILLAGE OF SUMMIT
Summit, Wisconsin

Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	$ 1,316,895	$ 1,316,895	$ 1,320,786	$ 3,891
Operating grants and contributions:				
Intergovernmental	309,160	309,160	324,073	14,913
Other	23,134	23,134	12,108	(11,026)
Licenses and permits	94,603	94,603	128,605	34,002
Fines, forfeitures and penalties	40,100	40,100	59,746	19,646
Public charges for services	434,572	434,572	452,460	17,888
Intergovernmental charges for services	366,315	366,315	351,314	(15,001)
Investment income	50,500	50,500	12,872	(37,628)
Other revenues	1,000	1,000	16,879	15,879
Total revenues	2,636,279	2,636,279	2,678,843	42,564
Expenditures:				
Current:				
General government	591,726	591,726	552,405	39,321
Public safety	1,272,009	1,272,009	1,339,851	(67,842)
Public works	866,868	866,868	890,749	(23,881)
Health and human services	33,558	33,558	30,375	3,183
Culture, recreation and education	25,244	25,244	20,310	4,934
Capital outlay	53,607	53,607	39,697	13,910
Total expenditures	2,843,012	2,843,012	2,873,387	(30,375)
Excess (deficiency) of revenues over (under) expenditures	(206,733)	(206,733)	(194,544)	12,189
Other Financing Sources:				
Debt issued	195,000	195,000	194,138	(862)
Sales of property	6,000	6,000	4,267	(1,733)
Transfer in	---	---	3,686	3,686
Total other financing sources	201,000	201,000	202,091	1,091
Net change in fund balance	(5,733)	(5,733)	7,547	13,280
Fund Balance - Beginning of Year	1,775,374	1,775,374	1,775,374	---
Fund Balance - End of Year	$ 1,769,641	$ 1,769,641	$ 1,782,921	$ 13,280

See independent auditor's report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Combing Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

		Special Revenue Funds				Permanent Fund	
	Debt Service Fund	Land Acquisition and Capital Improvements	Impact Fees	Genesee Lakes Utility District	Summit Utility District #3	Cemetery Fund	Total Nonmajor Funds
Assets:							
Cash and investments	$ 35,756	$ 3,040	$ 103,117	$ ---	$ ---	$ 413,286	$ 555,199
Receivables:							
Taxes	43,573	---	---	4,050	20,300	---	67,923
Due from other funds	---	---	---	17,506	---	---	17,506
Total Assets	$ 79,329	$ 3,040	$ 103,117	$ 21,556	$ 20,300	$ 413,286	$ 640,628
Liabilities and Fund Balance:							
Liabilities:							
Due to other funds	$ ---	$ ---	$ ---	$ ---	$ 340	$ 125,040	$ 125,380
Deferred revenues	79,329	---	---	4,050	20,300	---	103,679
Total Liabilities	79,329	---	---	4,050	20,640	125,040	229,059
Fund Balance (Deficit):							
Restricted	---	3,040	103,117	17,506	---	288,246	411,909
Unassigned	---	---	---	---	(340)	---	(340)
Total Fund Balance (Deficit)	---	3,040	103,117	17,506	(340)	288,246	411,569
Total Liabilities and Fund Balance (Deficit)	$ 79,329	$ 3,040	$ 103,117	$ 21,556	$ 20,300	$ 413,286	$ 640,628

See independent auditor's report.

VILLAGE OF SUMMIT
Summit, Wisconsin

Combing Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

		Special Revenue Funds				Permanent Fund	
	Debt Service Fund	Land Acquisition and Capital Improvements	Impact Fees	Genesee Lakes Utility District	Summit Utility District #3	Cemetery Fund	Total Nonmajor Funds
Revenues:							
Taxes	$ 121,675	$ ---	$ ---	$ 61,374	$ 20,000	$ ---	$ 203,049
Operating grants and contributions:							
Other	---	---	---	---	---	27,500	27,500
Public charges for services	---	---	5,304	---	---	10,200	15,504
Investment income	---	---	155	---	---	3,686	3,841
Total revenues	121,675	---	5,459	61,374	20,000	41,386	249,894
Expenditures:							
Current:							
Public works	---	---	---	893	20,000	---	20,893
Health and human services	---	---	---	---	---	915	915
Debt Service:							
Principal	116,479	---	---	---	---	---	116,479
Interest and fiscal charges	5,196	---	---	---	---	---	5,196
Total Expenditures	121,675	---	---	893	20,000	915	143,483
Excess of revenues over expenditures	---	---	5,459	60,481	---	40,471	106,411
Other Financing Uses:							
Transfers out	---	---	---	---	---	(3,686)	(3,686)
Net change in fund balance	---	---	5,459	60,481	---	36,785	102,725
Fund Balance (Deficiti), beginning of year	---	3,040	97,658	(42,975)	(340)	251,461	308,844
Fund Balance (Deficit) - end of year	$ ---	$ 3,040	$ 103,117	$ 17,506	$ (340)	$ 288,246	$ 411,569

See independent auditor's report.