



**Johnson & Block**  
AND COMPANY, INC.

---

Certified Public Accountants

**TOWN OF WINDSOR**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended December 31, 2012**

*Quality service through our commitment to clients and staff.*

[www.johnsonblock.com](http://www.johnsonblock.com)

**TOWN OF WINDSOR**

**Table of Contents**

**December 31, 2012**

---

	Page
INDEPENDENT AUDITOR'S REPORT	
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	i-x
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position.....	1
Statement of Activities.....	2
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	6
Statement of Fiduciary Net Position – Fiduciary Funds .....	7
Notes to the Financial Statements .....	8-28
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (with Variances) - General Fund.....	30
SUPPLEMENTARY INFORMATION	
Non-Major Funds	
Balance Sheet – Non-Major Governmental Funds.....	31-32
Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	33-34
Debt Repayment Summary – Principal Payments .....	35
Debt Repayment Summary –Interest Payments.....	36



**Johnson & Block**  
AND COMPANY, INC.

Certified Public Accountants

406 Science Drive, Suite 100 ▲ Madison, Wisconsin 53711-1097 ▲ TEL 608-274-2002 ▲ FAX 608-274-4320

## **INDEPENDENT AUDITOR'S REPORT**

September 9, 2013

To the Town Board  
Town of Windsor  
DeForest, Wisconsin

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Windsor, Wisconsin, as of and for the year ended December 31, 2012, which collectively comprise the Town'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 of material misstatement.

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

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



### ***Opinions***

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

### ***New Accounting Policies***

As discussed in Note 1 to the financial statements, in 2012 the Town of Windsor adopted new accounting guidance. Our opinion is not modified with respect to this matter.

### ***Report on Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through x and 30 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.

*Johnson Block and Company, Inc.*

Johnson Block and Company, Inc.  
Certified Public Accountants  
Madison, Wisconsin

**TOWN OF WINDSOR**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended December 31, 2012

As management of the Town of Windsor, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2012. We encourage the reader to consider the information presented here in conjunction with the Independent Auditor's Report at the front of this report and the town's financial statements, which immediately follow this section.

**THE FINANCIAL HIGHLIGHTS**

When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. You can think of this relationship between revenues and expenses as the Town's operating results. You can think of the Town's net position, as measured in the Statement of Net position, as one way to measure the Town's financial position. Over time, increases or decreases in the Town's net position, as measured in the Statement of Activities, are one indicator of whether its financial position is improving or deteriorating. However, the Town's goal is to provide services that improve the quality of life for our residents, not to generate profits. For this reason, you will need to consider many other non-financial factors, such as the condition of our roads and preservation of open space, in assessing the overall performance of our Town.

- The assets of the Town exceeded its liabilities as of December 31, 2012 by \$9,966,807.
- The Town of Windsor's total net position increased by \$889,365.
- As of December 31, 2012, the Town of Windsor's governmental funds reported combined ending fund balances of \$3,450,575. This includes nonspendable fund balance of \$30,298, restricted fund balance of \$1,540,041, committed fund balance of \$9,362, assigned fund balance of \$996,462 and unassigned fund balance of \$874,412.
- As of December 31, 2012, the unassigned fund balance for the general fund was \$874,412 or approximately 35 percent of total general fund expenditures. Of this amount \$180,000 has been earmarked for cash management.
- The Town of Windsor's total general obligation debt did not change during 2012. This was a result of refinancing proceeds equal to principal payments.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Windsor's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are the *Statement of Net position* and *Statement of Activities*. These statements present an aggregate view of the Town's finances in a manner similar to private-sector business. The government-wide financial statements can be found on pages 1 through 2 of this report.

- The *statement of net position* presents information on all of the Town of Windsor'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 whether the financial position of the Town is improving or deteriorating.
- 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 future fiscal periods (e. g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Town 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 Town include general government: public safety; public works; health, welfare and sanitation; culture and recreation; and conservation and development. The town does not provide business-type activities like utility services.

The government-wide financial statements include only the activities of the Town.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Fund financial statements.** The Town also produces 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. The Town, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the Town's government-wide statements and provide information that may be useful in evaluating a Town's short-term financing requirements. There are two fund financial statements, the *Balance Sheet* and the *Statement of Revenues, Expenditures and Change in Fund Balance*.

**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, fund statements focus on short-term inflows and outflows of spendable resources and their impact on fund balance.

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

The town maintains 12 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects and Debt Service Fund. Data from the remaining 9 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

The Town of Windsor adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 through 6 of this report.

**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 Town's programs. The fiduciary funds maintained by the Town of Windsor are the Tax Collection Fund, which records the tax roll and tax collections for other taxing jurisdictions within the Town, the Community Center Fund, and the Half-Century Club Fund. The basic fiduciary fund financial statements can be found on page 7 of this report.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**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 8 through 28 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds are presented immediately following the required supplementary information. Individual fund statements and schedules can be found on pages 31 through 36 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1, below, provides a summary of the Town's net position for the year ended December 31, 2012.

<b>Town of Windsor's Net Position</b>		
	Governmental Activities	
	2011	2012
Current and other assets	\$ 6,646,667	\$ 7,471,463
Land held for resale	4,523,153	4,523,153
Capital assets	12,229,535	12,393,364
Deferred outflows	43,010	37,592
Total assets and deferred outflows	<u>\$ 23,442,365</u>	<u>\$ 24,425,572</u>
Long-term liabilities outstanding	\$ 11,085,000	\$ 11,085,000
Other liabilities	199,664	231,014
Deferred Inflows	3,080,259	3,142,751
Total liabilities and deferred inflows	<u>\$ 14,364,923</u>	<u>\$ 14,458,765</u>
Net Position:		
Net Investment in Capital Assets	\$ 7,518,976	\$ 7,556,714
Restricted	504,658	885,929
Unrestricted	1,053,808	1,524,164
Total Net Position (restated)	<u>\$ 9,077,442</u>	<u>\$ 9,966,807</u>

The Town's net position reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, infrastructure, etc.), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town'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.

Infrastructure placed in service prior to January 1, 2004, such as roads, storm sewers, and culverts, is reflected in these reports.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

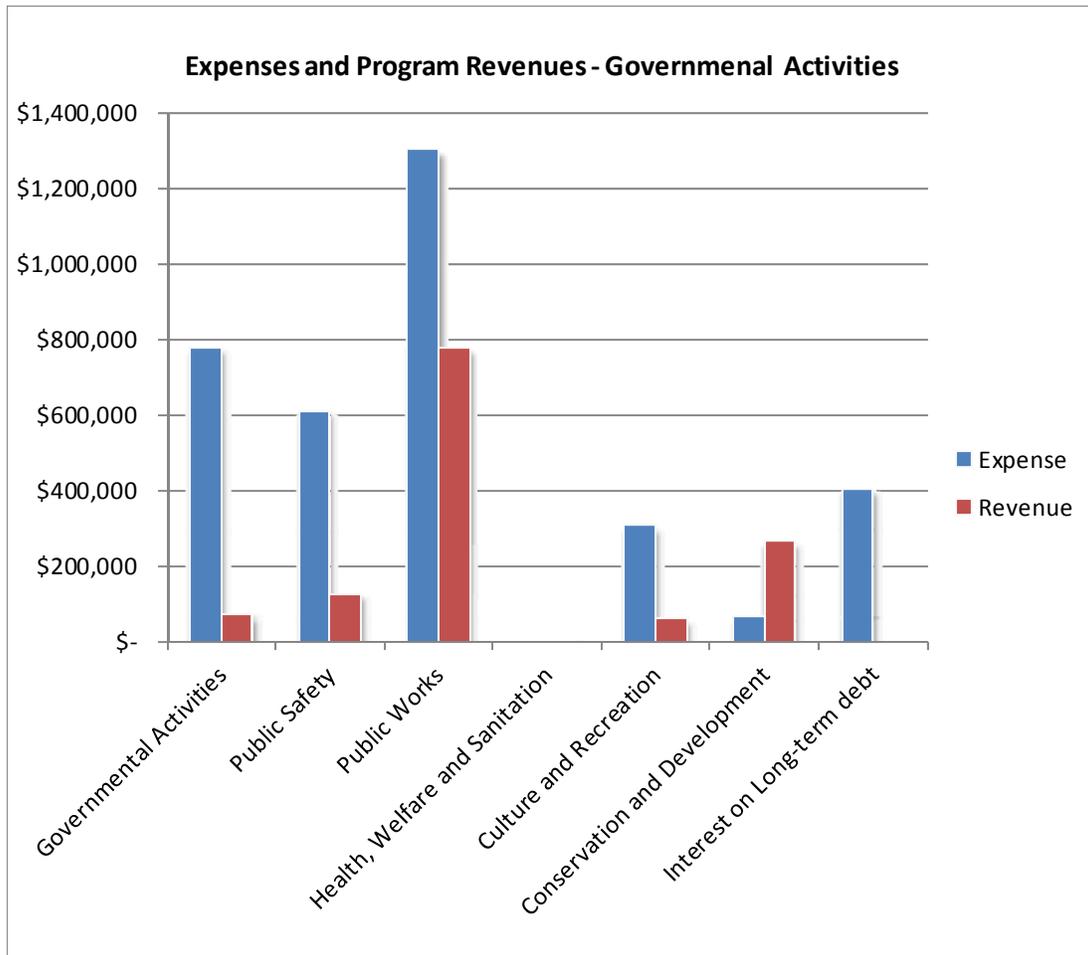
Table 2, below, provides a summary of the Town's operating results and their impact on net position for the year ended December 31, 2012. In 2012 the Town relied primarily on property taxes (61 percent) to fund its operations. Taxes account for approximately \$2.6 million of total revenue. Program revenues, in the form of charges for services were 15 percent, operating grants and contributions were 7 percent and capital grants and contributions were 8.5 percent.

<b>Town of Windsor's Change in Net Position</b>		
	Governmental Activities	
	2011	2012
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services and fees, fines, and costs	\$ 576,136	\$ 644,302
Operating grants and contributions	346,025	285,554
Capital grants and contributions	102,302	370,125
<b>General revenues:</b>		
Property taxes	2,552,606	2,635,200
Other taxes	11,230	4,301
Grants and contributions not restricted to specific programs	97,999	70,335
Unrestricted interest and investment	17,505	13,274
Miscellaneous	115,704	285,899
Gain (loss) on retirement of asset(s)	16,812	43,465
<b>Total Revenues</b>	<b>\$ 3,836,319</b>	<b>\$4,352,455</b>
<b>Expenses:</b>		
General Government	\$ 671,568	\$ 776,981
Public Safety	642,935	609,442
Public Works	1,379,607	1,301,569
Culture and Recreation	323,726	305,964
Conservation and Development	36,253	65,046
Interest on Long-Term Debt	415,018	404,088
<b>Total Expenses</b>	<b>3,469,107</b>	<b>3,463,090</b>
<b>Increase in Net Position</b>	<b>367,212</b>	<b>889,365</b>
<b>Net Position - January 1</b>	<b>8,570,196</b>	<b>8,937,408</b>
Restatement	-	140,034
<b>Net Position - January 1 - Restated</b>	<b>-</b>	<b>9,077,442</b>
<b>Net Position - December 31</b>	<b>\$ 8,937,408</b>	<b>\$9,966,807</b>

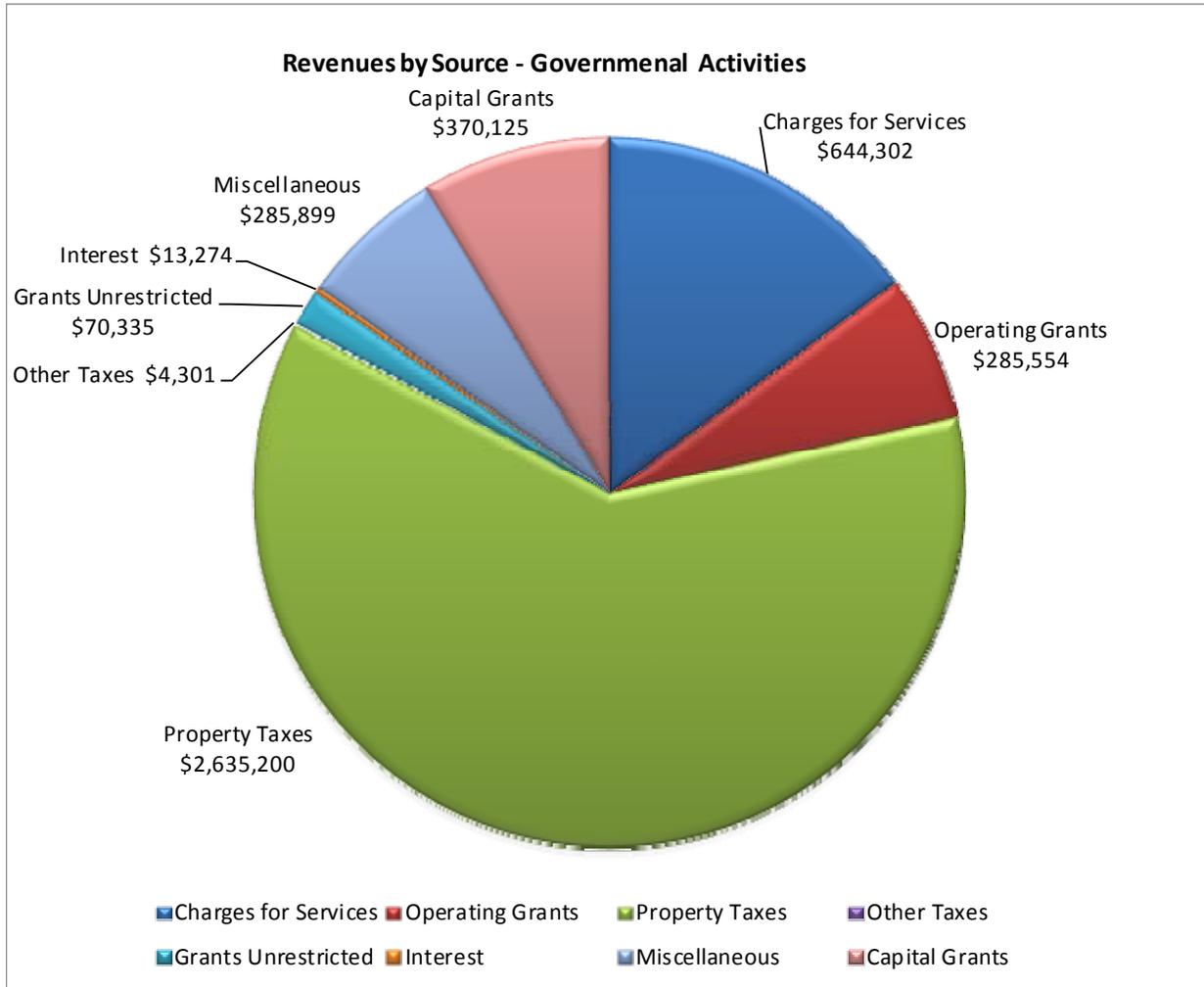
## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

**Governmental Activities:** Governmental activities increased the Town's net position by \$889,365. Key elements of this increase are as follows:

- General government charges for services increased by over \$60,000 from 2011.
- Capital grants from conservation easements of \$264,150.
- Miscellaneous revenues from charges for easements of approximately \$180,000.
- Governmental expenditures stayed consistent with the previous year, decreasing by less than 1%.



**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**



**FINANCIAL ANALYSIS OF THE TOWN OF WINDSOR’S FUNDS**

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

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

As of December 31, 2012, the Town’s governmental funds reported combined ending fund balances of \$3,450,575, an increase of \$703,825 from the prior year. Of the combined ending fund balance, \$30,298 is nonspendable in the form of advances and delinquent personal property taxes, \$278,382 is restricted for impact fees, \$989,396 in unspent bond proceeds in the capital projects fund, \$186,661 for the Community Development Authority, and \$85,602 is restricted for other purposes. Committed fund balance of \$9,362 is for the Token Creek Conservancy. The town has assigned \$1,800 for park improvements and other purposes, \$722,298 for debt payments and \$272,364 for sinking funds. The general fund has an unassigned fund balance of \$874,412.

## **FINANCIAL ANALYSIS OF THE TOWN OF WINDSOR'S FUNDS (Continued)**

The general fund is the chief operating fund of the Town. At the end of the current year, unassigned and total fund balance of the general fund was \$874,412 and \$919,973, respectively. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 38 percent of total general fund expenditures. Total fund balance represents 35% of general fund expenditures.

During the current year, the Town's general fund balance increased by \$8,288. Key factors in this increase are as follows:

- General fund revenues were more than budget by \$41,497.
- General fund expenditures were more than the budget by \$33,584.
- General fund total expenditures increased by approximately \$205,000 from 2011.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final budget did not change the amount of appropriations from the original budgeted amounts. Differences can be briefly summarized as follows:

During the year, actual revenues were more than the budgeted revenues by \$41,497. The primary reasons for these variances are as follows:

- Other taxes revenue was more than budget by \$22,447.
- License and permit fee revenue was \$12,414 more than the budgeted amount.

Actual expenditures were more than budgeted expenditures by \$33,584. The primary reasons for these variances are as follows:

- Expenditures for general government were less than budget by \$29,829.
- Expenditures for public works were less than budget by \$16,150.
- Expenditures for culture, recreation and education and public safety exceeded the departmental budgets by \$57,475 and \$29,512, respectively.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The Town of Windsor's investment in capital assets for its governmental activities as of December 31, 2012 amounts to \$12,393,364 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure construction in progress. Infrastructure placed in service prior to January 1, 2004 (roads, storm sewers, and culverts) is included. The net increase in the Town's investment in capital assets for the current year was \$163,829.

Major capital asset events during the current fiscal year included the following governmental activities:

- Approximately \$155,000 in road improvements.
- Approximately \$251,000 and 261,000 in land and conservation easement acquisitions.
- Current year depreciation expense was \$565,581.

Additional information on the Town of Windsor's capital assets can be found in Note 3 on page 21 of this report.

<b>Town of Windsor's Capital Assets</b> (net of accumulated depreciation)		
	Governmental Activities	
	2011	2012
Land	\$ 3,493,742	\$ 3,731,643
Conservation Easements	1,007,367	\$ 1,268,267
Construction in process	28,224	34,510
Building and Improvements	1,678,151	1,662,156
Equipment	115,253	85,158
Infrastructure	5,906,798	5,611,630
Total capital assets	\$ 12,229,535	\$ 12,393,364

**Long-term debt.** At December 31, 2012, the Town of Windsor had total long-term debt outstanding of \$11,085,000, which was general obligation debt backed by the full faith of the Town.

**CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

<b>Town of Windsor's Outstanding Debt</b>		
General Obligations & Note Anticipation Notes		
	Governmental Activities	
	2011	2012
2005 Notes	\$ 1,355,000	\$ -
2009 Notes	1,275,000	1,200,000
2010 Notes	5,905,000	5,805,000
2011 Notes	2,550,000	2,005,000
2012 Notes	-	2,075,000
Total Outstanding Debt	\$ 11,085,000	\$ 11,085,000

During the fiscal year, the Town of Windsor’s general obligation debt balance that was outstanding did not change. Additional information on the Town’s long-term debt can be found in Note 5 on pages 22 through 23 of this report.

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

Town of Windsor’s financial results are dependent on several factors:

- Amount of Shared Revenue, General Transportation Aids and other grants received
- Increases in the cost of fuel, insurance and professional services

All of these factors were considered in preparing the Town’s budget for the 2012 fiscal year.

The general obligation debt outstanding of \$11,085,000 is well below the allowable amount of \$27,682,155 which is 5% of the valuation of taxable property as equalized for State purposes.

**Contacting the Town’s Financial Management**

This financial report is designed to provide a general overview of the Town of Windsor’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Treasurer, Town of Windsor, 4084 Mueller Road, DeForest, WI 53532.

General information relating to the Town of Windsor, Wisconsin, can be found at the Town's website, <http://www.windsorwi.gov>.

**Town of Windsor  
DeForest, Wisconsin**

**Statement of Net Position  
December 31, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Equivalents	\$ 3,587,352
Receivables	3,267,233
Receivable from Fiduciary Funds	226,667
Investment in Joint Venture	390,211
Land Held for Resale	4,523,153
Capital Assets	
Land, Improvements, Construction in Process and Infrastructure in Process	5,034,420
Other Capital Assets, Net of Depreciation	7,358,944
Total Capital Assets	12,393,364
Total Assets	24,387,980
<b>DEFERRED OUTFLOWS</b>	
Unamortized Debt Discounts	37,592
Total Deferred Outflows	37,592
Total Assets and Deferred Outflows	\$ 24,425,572
<b>LIABILITIES</b>	
Accounts Payable and Accrued Expenses	\$ 148,239
Due to Fiduciary Fund	3,141
Due to Other Governmental Agencies	738
Accrued Interest Payable	78,896
Long-Term Liabilities	
Due Within One Year	
Long-Term Debt	1,095,000
Due in More Than One Year	
Long-Term Debt	9,990,000
Total Liabilities	11,316,014
<b>DEFERRED INFLOWS</b>	
Unamortized Debt Premiums	46,527
Tax Levy	3,075,300
Other	20,924
Total Deferred Outflows	3,142,751
<b>NET POSITION</b>	
Net Investment in Capital Assets	7,556,714
Restricted for:	
Special Revenue	61,501
Capital Projects	824,428
Unrestricted	1,524,164
Total Net Position	9,966,807
Total Net Position, Liabilities and Deferred Inflows	\$ 24,425,572

See accompanying notes to the basic financial statements

**Town of Windsor  
DeForest, Wisconsin**

**Statement of Activities  
For the Year Ended December 31, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
<b>Primary Government</b>					
Governmental Activities					
General Government	\$ 776,981	\$ 71,298	\$ -	\$ -	\$ (705,683)
Public Safety	609,442	106,502	19,205	-	(483,735)
Public Works	1,301,569	420,976	266,097	90,721	(523,775)
Health, Welfare and Sanitation	-	-	252	-	252
Culture and Recreation	305,964	45,526	-	15,250	(245,188)
Conservation and Development	65,046	-	-	264,154	199,108
Interest on Long-Term Debt	404,088	-	-	-	(404,088)
Total Governmental Activities	<u>3,463,090</u>	<u>644,302</u>	<u>285,554</u>	<u>370,125</u>	<u>(2,163,109)</u>
Total Primary Government	<u>\$ 3,463,090</u>	<u>\$ 644,302</u>	<u>\$ 285,554</u>	<u>\$ 370,125</u>	<u>(2,163,109)</u>
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purposes					1,560,356
Property taxes, levied for debt service					1,074,844
Room taxes					4,301
Grants and contributions not restricted to specific programs					70,335
Unrestricted investment earnings					13,274
Miscellaneous					285,899
<i>Special item</i> - gain(loss) on sale of assets					43,465
Total General Revenues and Special Items					<u>3,052,474</u>
Change in Net Position					889,365
Net Position - Beginning (Restated)					9,077,442
Net Position - Ending					<u>\$ 9,966,807</u>

See accompanying notes to the basic financial statements

**Town of Windsor  
DeForest, Wisconsin**

**Balance Sheet  
Governmental Funds  
December 31, 2012**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,000,007	\$ 1,020,559	\$ 722,298	\$ 844,489	\$ 3,587,353
Receivables:					
Taxes	1,940,796	-	1,074,504	60,000	3,075,300
Delinquent Personal Property Taxes	10,298	-	-	-	10,298
Special Assessments	83,100	-	-	-	83,100
Other	14,884	-	304,667	11,073	330,624
Advances Receivable	-	-	20,000	-	20,000
Total Assets	<u>\$ 3,049,085</u>	<u>\$ 1,020,559</u>	<u>\$ 2,121,469</u>	<u>\$ 915,562</u>	<u>\$ 7,106,675</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 85,849	\$ 31,163	\$ -	\$ 20,643	\$ 137,655
Accrued Liabilities	-	-	-	16,011	16,011
Payable to Other Governments	737	-	-	-	737
Due to Agency Funds	3,141	-	-	20,000	23,141
Total Liabilities	<u>89,727</u>	<u>31,163</u>	<u>-</u>	<u>56,654</u>	<u>177,544</u>
Deferred Inflows:					
Tax Levy	1,559,689	-	1,074,504	60,000	2,694,193
Special Charges	464,696	-	-	-	464,696
Other	15,000	-	304,667	-	319,667
Total Deferred Inflows	<u>2,039,385</u>	<u>-</u>	<u>1,379,171</u>	<u>60,000</u>	<u>3,478,556</u>
Fund Balances:					
Nonspendable	10,298	-	20,000	-	30,298
Restricted	24,101	989,396	-	526,544	1,540,041
Committed	9,362	-	-	-	9,362
Assigned	1,800	-	722,298	272,364	996,462
Unassigned	874,412	-	-	-	874,412
Total Fund Balances	<u>919,973</u>	<u>989,396</u>	<u>742,298</u>	<u>798,908</u>	<u>3,450,575</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,049,085</u>	<u>\$ 1,020,559</u>	<u>\$ 2,121,469</u>	<u>\$ 915,562</u>	<u>\$ 7,106,675</u>

See accompanying notes to the basic financial statements.

**Town of Windsor  
DeForest, Wisconsin**

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

Total fund balance, governmental funds	\$	3,450,575
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		12,393,364
<p>Land held for resale is capitalized on government-wide financial statements but is recorded as an expenditure on the fund financial statements</p>		4,523,153
<p>Certain other deferred inflows that are not available to pay current period expenditures and therefore are not recognized as revenue in this fund financial statement, but are accrued in the governmental activities of the Statement of Net Position. This amount represents deferred special assessments and fire district and community center loan repayments.</p>		335,808
<p>Certain other long-term assets (deferred Outflows/Inflows) are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.</p>		37,592
<p>Investment in joint ventures are not financial resources and, therefore, are not reported in the fund statements.</p>		390,211
<p>Some liabilities, (such as Long-Term Debt and Accrued Interest ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
Current portion of Long-Term Debt	1,095,000	
Non-current portion of Long-Term Debt	9,990,000	
Accrued Interest	78,896	(11,163,896)
		(11,163,896)
Net Position of Governmental Activities in the Statement of Net Position	\$	9,966,807

See accompanying notes to the basic financial statements

**Town of Windsor  
DeForest, Wisconsin**

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

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	\$ 1,479,805	\$ -	\$ 1,074,844	\$ 60,000	\$ 2,614,649
Other Taxes	74,515	-	-	-	74,515
Special Assessment Revenue	-	-	-	-	-
Intergovernmental	312,053	-	-	271,792	583,845
License and Permits	151,564	-	-	97,281	248,845
Fines, Forfeits and Penalties	8,997	-	-	-	8,997
Public Charges for Services	434,522	-	18,992	17,040	470,554
Intergovernmental Charges for Services	-	-	-	-	-
Interest Income	3,052	-	-	1,001	4,053
Miscellaneous Income	14,682	-	129,973	1,350	146,005
Total Revenues	<u>2,479,190</u>	<u>-</u>	<u>1,223,809</u>	<u>448,464</u>	<u>4,151,463</u>
<b>EXPENDITURES</b>					
Current:					
General Government	660,223	-	101	28,906	689,230
Public Safety	674,611	-	-	17,046	691,657
Public Works	766,569	-	-	50,978	817,547
Culture, Recreation and Education	344,261	200,000	-	-	544,261
Conservation and Development	35,076	-	-	273,825	308,901
Capital Outlay	-	269,735	-	-	269,735
Debt Service					
Principal Repayment	-	-	2,075,000	-	2,075,000
Interest Expense & Fiscal Charges	-	-	386,157	-	386,157
Total Expenditures	<u>2,480,740</u>	<u>469,735</u>	<u>2,461,258</u>	<u>370,755</u>	<u>5,782,488</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,550)</u>	<u>(469,735)</u>	<u>(1,237,449)</u>	<u>77,709</u>	<u>(1,631,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Sale of Assets	-	76,600	-	183,250	259,850
Proceeds from Long-Term Debt	-	913,090	1,161,910	-	2,075,000
Transfers In	54,500	-	217,033	44,662	316,195
Transfers Out	(44,662)	-	-	(271,533)	(316,195)
Total Other Financing Sources and Uses	<u>9,838</u>	<u>989,690</u>	<u>1,378,943</u>	<u>(43,621)</u>	<u>2,334,850</u>
Net Change in Fund Balances	8,288	519,955	141,494	34,088	703,825
Fund Balances - Beginning	911,685	469,441	600,804	764,820	2,746,750
Fund Balances - Ending	<u>\$ 919,973</u>	<u>\$ 989,396</u>	<u>\$ 742,298</u>	<u>\$ 798,908</u>	<u>\$ 3,450,575</u>

See accompanying notes to the basic financial statements.

**Town of Windsor  
DeForest, Wisconsin**

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

Net change in fund balances - total governmental funds: \$ 703,825

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

This is the amount by which depreciation (\$565,581) was less than capital outlays (\$762,545) in the current period. 196,964

Loss on Sale of Capital Assets: (33,135)

The proportionate share of the change in net position related to joint ventures reported in the statement of activities. 65,335

Governmental funds record revenues when they are available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. This amount represents revenue recorded on the fund financial statements that was accrued in previous years. (35,000)

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount of principal repayments (\$2,075,000) less current year proceeds (\$2,075,000) during the year. -

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued interest	(12,512)
Amortization of debt discount not reflected on Governmental funds	(5,418)
Amortization of debt premium not reflected on Governmental funds	9,306
Change in Net Position of governmental activities	\$ 889,365

See accompanying notes to the basic financial statements

**Town of Windsor  
DeForest, Wisconsin**

**Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2012**

	<u>Community Center</u>	<u>Half-Century Club</u>	<u>Tax Agency</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 553,105	\$ 8,231	\$ 6,161,322	\$ 6,722,658
Receivables:				
Taxes Receivable	-	-	3,225,383	3,225,383
Due from Other Governments	-	-	5,078	5,078
Total Receivables	<u>-</u>	<u>-</u>	<u>3,230,461</u>	<u>3,230,461</u>
Total Assets	<u>\$ 553,105</u>	<u>\$ 8,231</u>	<u>\$ 9,391,783</u>	<u>\$ 9,953,119</u>
<b>LIABILITIES</b>				
Due to Other Organizations	\$ 553,105	\$ 8,231	\$ -	\$ 561,336
Due to Other Governments	-	-	9,391,783	9,391,783
Total Liabilities	<u>\$ 553,105</u>	<u>\$ 8,231</u>	<u>\$ 9,391,783</u>	<u>\$ 9,953,119</u>

See accompanying notes to the basic financial statements.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies**

The accounting policies of the Town of Windsor, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

**A. Reporting Entity**

This report includes all of the funds of the Town of Windsor. The reporting entity for the Town 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. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain the Windsor Sanitary District 1, Madison Metropolitan Sewer District, Hidden Springs Sanitary District, Oak Springs Sanitary District, Morrisonville Sanitary District 1, Windsor Sanitary District 3, Lake Windsor Sanitary District, the Lake Windsor Lake District, and Oak Springs Lake District which the Town does not consider component units. See Note 8 regarding intergovernmental agreements.

**Component Units**

**Community Development Authority**

The financial statements include the Town's Community Development Authority (CDA) as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the Town board. The CDA meets the criteria of a component unit of the Town. As a component unit, the Authority's financial statements have been presented as a blended entity in the basic financial statements. It was blended since the Town issued debt to purchase land for the benefit on the CDA. The information presented is for the fiscal year ended December 31, 2012.

**B. Government-Wide and Fund Financial Statements**

Government-wide financial statements are basic financial statements required for all governmental units. The statement of Net Position and the statement of activities are the two required statements. Both statements are prepared on the full accrual basis. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental fund financial statements.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The Town does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town 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 instead 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 individual 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, which constitute its assets, deferred outflows, liabilities, deferred inflows, net position/fund equity, revenues, and expenditure/expenses.

In addition, all funds in the fund financial statements are reported as proprietary, governmental, or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

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 Town or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, 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. Total assets and deferred outflows, liabilities and deferred inflows, 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.
- c. In addition, any other governmental or proprietary fund that the Town believes is particularly important to financial statement users may be reported as a major fund.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

**Governmental Funds**

The Town reports the following major governmental funds:

General Fund – accounts for the Town’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related charges.

General Capital Projects – accounts for the general capital project activities of the Town.

The Town, in addition to the major funds identified above, reports the following non-major funds:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to or committed for expenditures for specified purposes. The Town accounts for activity of the Developer Charge-back Fund, Morrisonville Utility District, Utility District #3, Business Park Utility District and Utility District #4 in the Special Revenue Funds. These funds are managed by the Town.

Community Development Authority Fund (“CDA”) – accounts for the CDA’s primary operating activities.

Capital Projects Funds – The Non-Major Capital Project Funds include the Purchase of Development Rights Fund, the Capital Projects Reserve/Replacement Fund, and the Impact Fee Fund.

**Fiduciary Funds**

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Town has the following agency funds: Community Center, Half Century Club and the Tax Agency Fund.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

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

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

**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 expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflow. Grants and similar items are recognized as revenue when earned.

**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. "Measurable" means the amount of the transaction can be determined. 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 Town considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. 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 Town is entitled to the resources and the amounts are available. Amounts owed to the Town, which are not available, are recorded as receivables and deferred inflows. Amounts received prior to the entitlement period are also recorded as deferred inflows.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred inflows. Delinquent special assessments being held for collection by the county are reported as receivables and reserved fund balance in the general fund.

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.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

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

**Fund Financial Statements (Continued)**

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

**Use of Estimates**

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

**D. New Accounting Pronouncements**

*GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, effective for periods beginning after December 15, 2011, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*, effective for periods beginning after December 15, 2012, clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Town has implemented the provisions of these statements as reflected in the 2012 financial statements. The effects of the implementation of this standard on the financial statements are detailed in Note 10.

**E. Assets, Liabilities, and Net Position or Equity**

**1) Cash and Cash Equivalents/Investments**

The Town has pooled the cash resources of its funds in order to maximize investment opportunities. Each fund's portion of total cash and investments is reported as cash and cash equivalents/investments by the Town's individual major funds, and in the aggregate for non-major and agency funds.

All deposits of the Town are made in board designated official depositories and are secured as required by State Statute. The Town may designate, as an official depository, any bank or savings association. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, and Net Position or Equity (Continued)**

**1) Cash and Cash Equivalents/Investments**

Investments with remaining maturities at the time of purchase of one year or less are stated at amortized cost which approximates fair value. Investments with a maturity of more than one year at acquisition and nonmoney market investments are carried at fair value as determined by quoted market prices.

See Footnote 2 for additional information.

**2) Taxes Receivable**

Property taxes are levied prior to the end of the calendar year and are due and collectible in the following year. Property taxes attach as an enforceable lien as of January 1. The Town's portion of taxes is recorded as a receivable in the general fund. The County acts as the collecting agency for all Town taxes. Since Town property taxes are not considered available until January 1 of the year following the levy, they are recorded as deferred inflows in the funds budgeted therefore. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2012 tax roll

Lien date 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 in full	January 31, 2013
Tax sale – 2012 delinquent real estate taxes	October, 2015

**3) Allowance for Uncollectible Accounts**

General fund accounts receivable have been adjusted for all known uncollectible accounts. An allowance of \$12,848 has been recorded for delinquent personal property taxes at year-end. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof.

**4) Special Assessments**

Assessments against property owners for public improvements are generally not subject to full settlement in the year levied. Deferred special assessments are placed on tax rolls on an installment basis. Revenue from special assessments recorded in governmental funds is recognized as collections are made or as current installments are placed on tax rolls. Special assessments of enterprise funds are recorded as non-operating revenue at the time of assessment, if subject to collection. Deferred special assessments, those not subject to collection, are recorded as other liability until such time they are subject to collection.

Uncollected installments placed on prior year tax rolls are held for collection by Dane County and are remitted to the Town upon collection by the County. These delinquent installments are financed by the general fund.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, and Net Position or Equity (Continued)**

**5) Inventories and Prepaid Items**

**Inventories**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not material.

**Prepaid**

Expenditures paid in advance of the period the expenditure is incurred are recorded as prepaid assets.

**6) Capital Assets**

**Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as tangible and intangible assets that have useful lives that extend beyond a single reporting period. Capitalization thresholds for capitalizing individual fixed assets and groups of fixed assets are:

- Land and non-depreciable land improvements – all assets recorded
- Infrastructure assets - \$5,000
- Depreciable land improvements - \$1,000
- Buildings and improvements - \$5,000
- Non-fixed equipment - \$1,000

All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements. Retroactive reporting of all major general infrastructure assets is encouraged but not required. Infrastructure acquired prior to 2005 has been recorded.

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund from which the disbursements are made. Generally accepted accounting principles require that these fixed assets be capitalized at cost in the government-wide financial statements. Contributed fixed assets are to be recorded in the government-wide financial statements at fair market value at the time received. Interest incurred during construction is not capitalized.

Depreciation on governmental fixed assets is calculated using the straight-line method based on the estimated useful life of assets. The estimated useful life of assets is determined by industry standards as recommended by GASB.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, and Net Position or Equity (Continued)**

**7) Debt Issuance Costs / Discounts**

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

**8) Compensated Absences**

Under terms of employment, Town employees are granted vacations and sick leave in varying amounts. Employees can accumulate up to 184 hours of sick leave. Sick leave is not payable upon retirement, resignation or termination. No accrual is made in the financial statements since there are no termination benefits.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used.

**9) Deferred Outflows and Inflows of Resources**

Deferred outflow of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**10) Long-Term Obligations**

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 bond payable, and accrued compensated absences.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Retirement of these issues is reported as an expenditure of the debt service fund in the year in which the debt matures or is repaid, whichever is earlier.

**11) 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 as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, and Net Position or Equity (Continued)**

**12) Equity 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 their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net 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 Town’s policy to use restricted resources first, then unrestricted resources as they are needed.

**Fund Financial Statements**

Government fund equity is classified as fund balance.

In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable** – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted** – resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed** – resources which are subject to limitation the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned** – resources neither restricted nor committed for which a government has a stated intended use as established by the Town Board or a body or official to which the Town Board has delegated the authority to assign amounts for specific purposes.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**E. Assets, Liabilities, and Net Position or Equity (Continued)**

**12) Equity Classifications (Continued)**

**Unassigned** – resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

When restricted and other fund balance resources are available for use, it is the Town's practice to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

**13) Land Held for Resale**

The government-wide financial statements include land held for resale. This represents the original cost of land purchased by the Town's CDA and held for resale back to a developer. In 2011, the Town sold a portion of the Land Held for Resale. The value of the asset has been adjusted and reduced to the cost of the remaining number of acres.

**F. Budgetary Information**

**Budgets**

The Town's budget is adopted in accordance with Chapter 65 of the Wisconsin Statutes. Changes to appropriations authorized in the adopted budget generally require a vote of two-thirds of the entire membership of the governing body. Budgetary expenditure control is exercised at the individual account level.

Budget amounts include appropriations authorized in the original budget, any board approved amendments, appropriations of restricted resources received for funding specific expenditures and designated portions of the beginning balance of the general fund's equity expected to finance expenditures of the current fiscal year. Unused appropriations lapse at year-end unless specifically carried over for financing subsequent year expenditures.

The General Fund includes special revenue funds that do not meet the criteria of an individual fund under GASB 54. The budgetary comparison schedule on page 30 does not include these special revenue funds. A reconciliation is provided to reconcile to the Statement of Revenues, Expenditures and Changes in Fund balance on page 5.

**G. Excess Expenditures over Appropriations**

The Town controls expenditures at the department level. Some individual line items experienced expenditures which exceeded appropriations. The detail of those items can be found in the Town's year-end budget to actual report. The Town exceeded its budget in the general fund in the following areas: Public Safety (\$29,512) and culture, recreation and education (\$57,475). In total the general fund was over budget by (\$33,584).

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**1. Summary of Significant Accounting Policies (Continued)**

**H. Inter-fund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses.

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**I. Limitations on the Town Tax Levy**

As part of Wisconsin's Act 28 (2009), legislation was passed that limits the town's future tax levies. Generally, the town is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the town's equalized value due to new construction, or 3.0%. Changes in debt service from one year to the next are generally exempt from this limit.

**2. Cash and Cash Equivalents/Investments**

As previously discussed, cash for all Town funds is pooled for investment purposes with the exception of a separate checking account for the tax agency and CDA funds. At December 31, 2012, the cash and investments consist of the following:

Petty Cash/Cash on Hand	\$	115
Deposits with Financial Institutions		10,297,895
Stocks (Fiduciary Fund)		12,000
Total Cash and Investments	\$	10,310,010

Cash and investments as of December 31, 2012 are classified in the accompanying financial statements as follows:

Cash and Investments per Statement of Net Position	\$	3,587,352
Cash and Investments per Statement of Fiduciary Net Position		6,722,658
	\$	10,310,010

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**2. Cash and Cash Equivalents/Investments (Continued)**

Investments Authorized by Wisconsin Statutes

Investment of Town funds is restricted by State Statutes. Available investments are limited to:

- (1) Deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in this State if the time deposits mature in not more than three years;
- (2) Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government;
- (3) Bonds or securities of any county, drainage district, VTAE district, village, city, town, district or school district of this State;
- (4) Any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's investor service or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;
- (5) Bonds or securities issued under the authority of the municipality;
- (6) The local government pooled-investment fund as established under Section 25.50 of the Wisconsin Statutes;
- (7) Agreements in which a public depository agrees to repay funds advanced to it by the Town plus interest, if the agreement is secured by bonds or securities issued or guaranteed as to principal and interest by the federal government.
- (8) Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- (9) Repurchase agreements with public depositories, with certain conditions.
- (10) Bonds issued by the University of Wisconsin Hospital and Clinics Authority.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The Town does have a formal investment policy that limits investment maturities as a means of managing its exposure of fair value losses arising from increasing interest rates.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Town has an investment policy that would further limit its investments choices. As of December 31, 2012, the Town's investment in the Wisconsin Local Government Investment Pool was not rated.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**2. Cash and Cash Equivalents/Investments (Continued)**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial risk for investments is the risk that, in the event of failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment of collateral securities that are in the possession of another party. The Town does not have an investment policy for custodial credit risk.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for non-interest bearing accounts. As of January 1, 2010 through December 31, 2012 only noninterest bearing accounts were fully insured under the Dodd Frank Act. Bank accounts and the local government investment pool 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 deposits covered and other legal implications, recovery of material principal losses may be significant to individual organizations.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012, the fair value of the Town's share of the LGIP's assets was substantially equal to the amount reported above. Information on derivatives was not available to the Town.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities, acquired by the pool. The bond provides up to \$500,000 coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance and income on the investment during the calendar quarter a loss occurs.

As of December 31, 2012, none of the Town's deposits with financial institutions were in excess of federal depository insurance limits.

Fluctuating cash flows during the year due to tax collections, receipt of state aids and proceeds from borrowing may have resulted in temporary balances during the year exceeding uninsured amounts at the balance sheet date.

Concentration of Credit Risk

The Town does not have a policy for concentration of credit risk. No Town investment represents 5% or more of the total investments.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

**3. Capital Assets**

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

	<b>Balance 12/31/11</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/12</b>
<b>Governmental Activities</b>				
Non-depreciable Capital Assets:				
Land	\$ 3,493,742	\$ 251,112	\$ 13,211	\$ 3,731,643
Conservation Easements	1,007,367	260,900	-	1,268,267
Construction in Progress	28,224	6,286	-	34,510
Total Non-depreciable Capital Assets	4,529,333	518,298	13,211	5,034,420
Capital Assets Being Depreciated:				
Buildings and Improvements	2,553,713	89,018	-	2,642,731
Equipment	711,516	-	25,468	686,048
Infrastructure	14,257,209	155,229	112,722	14,299,716
Total Capital Assets Being Depreciated	17,522,438	244,247	138,190	17,628,495
Total Capital Assets	\$ 22,051,771	\$ 762,545	\$ 151,401	\$ 22,662,915
Less: Accumulated Depreciation for:				
Buildings and Improvements	\$ 875,562	\$ 105,013	\$ -	\$ 980,575
Equipment	596,263	30,095	25,468	600,890
Infrastructure	8,350,411	430,473	92,798	8,688,086
Total Accumulated Depreciation	9,822,236	565,581	118,266	10,269,551
Capital Assets Net of Depreciation	\$ 12,229,535	\$ 196,964	\$ 33,135	\$ 12,393,364

**Governmental Activities**

General Government	\$ 56,487
Public Safety	166
Public Works	450,119
Culture, Recreation and Education	58,809

Total Governmental Activities Depreciation Expense \$ 565,581

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

**4. Long-Term Obligations**

All general obligation notes and bond payable are backed by the full faith and credit of the Town. Notes and bonds will be retired by future property tax levies and revenues accumulated by the debt service fund.

	Balance 1/1/12	Issued	Retired	Balance 12/31/12
Governmental activities:				
Total general obligation debt	\$ 11,085,000	\$ 2,075,000	\$ 2,075,000	\$ 11,085,000
Total governmental long-term debt	\$ 11,085,000	\$ 2,075,000	\$ 2,075,000	\$ 11,085,000

General obligation long-term debt issues outstanding at December 31, 2012 and total debt outstanding were as follows:

Original Amount	Date of Issue	Year of Maturity	Interest Rate	Outstanding Principal	Amount Due Within One Year
General Obligation Notes and Bonds:					
\$ 1,605,000	9/23/09	2014	1.20 - 3.40%	\$ 1,200,000	\$ 100,000
\$ 5,905,000	12/27/2010	2020	1.5-4.25%	5,805,000	100,000
\$ 2,550,000	8/18/2011	2017	2.0-2.25%	2,005,000	625,000
\$ 2,075,000	10/11/2012	2019	.40 - 1.25%	2,075,000	270,000
Total general obligation notes and bonds				\$ 11,085,000	\$ 1,095,000

Portions of the debt are to be repaid to the Town as follows:

Receivable From	Amount	Purpose
DeForest Area Fire District	\$ 78,000	2011 G.O. Notes
DeForest Area Community Center	226,667	2011 G.O. Notes
Other Receivable-Debt Service Fund	\$ 304,667	

These are being repaid to the Town over the terms of the loans with interest. A deferred inflow has been set up on the debt service fund. These have been accrued in previous years on the government-wide statements.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

**4. Long-Term Obligations (Continued)**

The annual payments necessary to retire the general obligation debt including interest are as follows:

Year	Principal	Interest	Total
2013	\$ 1,095,000	\$ 311,248	\$ 1,406,248
2014	1,225,000	294,112	1,519,112
2015	1,230,000	273,975	1,503,975
2016	1,065,000	259,631	1,324,631
2017	1,100,000	232,478	1,332,478
2018-2020	5,370,000	526,045	5,896,045
Total	<u>\$11,085,000</u>	<u>\$ 1,897,488</u>	<u>\$ 12,982,488</u>

Cities, Villages, and Townships are statutorily limited to using 5% of their equalized value to borrow general obligation debt. According to these state statutes, the Town of Windsor is limited to borrowing \$27,682,155. General obligation debt subject to this limit is \$11,085,000 leaving the Town with an available debt margin of \$16,597,155 as of December 31, 2012.

**5. Interfund Transactions**

The following interfund payables and receivables were outstanding as of December 31, 2011.

Receivable Fund	Payable Fund	Amount	Purpose
Community Center (Agency)	General	\$ 3,141	Operations
Total General Government		<u>\$ 3,141</u>	

The following advances were outstanding as of December 31, 2012. These are anticipated to be repaid in several years.

Receivable Fund	Payable Fund	Amount	Purpose
Debt Service Fund	CDA	\$ 20,000	Operations
		<u>\$ 20,000</u>	

The CDA is making annual payments with no interest until the advance is paid off. The annual payments are as follows:

2013	\$ 10,000
2014	10,000
Total	<u>\$ 20,000</u>

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

**5. Interfund Transactions (Continued)**

The following are interfund transfers that occurred:

Receiving Fund	Paying Fund	Amount	Purpose
General Fund	Capital Projects Reserve/Replacement	\$ 54,500	Operations
Debt Service	Morrisonville Utility District	34,183	Operations
Debt Service	CDA	182,850	Transfer land sale proceeds
CDA	General Fund	44,662	Operations
	Total	<u>\$ 316,195</u>	

**6. Lease of Town Hall**

On September 4, 2003, the Town entered into a lease with the Dane County Sheriff's Department for occupation of approximately 2,500 square feet of the existing Town Hall for the period of January 1, 2004 through August 31, 2004. Effective September 1, 2004, the Dane County Sheriff's Department occupied approximately 7,000 square feet of the remodeled Town Hall. The Town occupies and maintains the remaining portion of the building.

The lease term is for twenty one years commencing January 1, 2004 and ending midnight of the 31<sup>st</sup> day of December, 2024. Effective January 1, 2005, the lease calls for the Sheriff's Department to pay \$12,700 a quarter, on the first day of January, April, July, and October through 2024. The Town received \$50,800 in lease payments in 2012.

**7. Defined Benefit Pension Plan**

All eligible Town employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work over 600 hours a year (440 hours for teachers and school district educational support employees) are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Covered employees are required by statute to contribute 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 contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**7. Defined Benefit Pension Plan (Continued)**

The payroll for Town of Windsor employees covered by the WRS for the year ended December 31, 2012 was \$650,624; the town's total payroll was \$804,694. The total employer required contribution for the year ended December 31, 2012 was \$76,774 or 11.8% of covered payroll. The total employee required contribution for the year ended December 31, 2012 was \$38,387, 5.9% of covered payroll. Total contributions for the years ended December 31, 2010 and 2009 were \$73,610 and \$78,675 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. Final average earnings is the average of the employee's three highest years earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. Participants hired after June 30, 2011 are fully vested after five years.

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

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

**8. Inter-municipal Agreements**

**Fire Protection**

The Town of Windsor, along with the Village of DeForest and the Townships of Vienna, Leeds, and Hampden entered into an agreement to create the DeForest Fire Protection District. This agreement was executed on April 15, 1993 and amended in 1997.

The agreement specified that fire protection should be available to the above-mentioned municipalities. Each municipality appoints the Town Chairperson or Village President to the Fire District Board. Costs are to be shared based upon the equalized values of the respective municipalities. The Town has an equity interest in the District equal to its percentage share of participation. Any participating municipality may withdraw from the District provided 18 months written notice is given to the other municipalities and the Fire District. The withdrawing municipality is due their equity interest in the Fire District equipment and assets less any proportionate share of debt and lease expenditures due.

The Town's equity interest is recorded in the government-wide statement of position. Changes in the equity interest are reported on the statement of activities.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**8. Inter-municipal Agreements (Continued)**

The equalized valuation percentage for the participating municipalities is as follows:

	<u>2012</u>	<u>2011</u>
Town of Windsor	36.3%	33.0%
Village of DeForest	51.9%	47.3%
Town of Vienna	9.3%	11.9%
Town of Leeds	2.1%	4.5%
Town of Hampden	0.3%	3.3%
	<u>100.0%</u>	<u>100.0%</u>

The Town's share of fire district costs in 2012 amounted to \$269,172, excluding fire insurance dues of \$19,205. The latest budget figures indicate the Town's portion of the 2013 budget to be \$271,054. The Fire District issues separate financial statements.

The Town borrowed money for fire equipment. These debt obligations are to be repaid to the Town. As of December 31, 2011 the District owes the Town \$78,000.

**EMS District**

The Town, together with the Village of DeForest and the Townships of Vienna, Leeds, and Hampden entered into an agreement to create the DeForest Emergency Medical Service District on January 1, 1991.

The agreement specifies that emergency medical services will be available to the participating municipalities. Each municipality appoints the Town Chairperson or Village President to the EMS District board. Costs are to be shared based on the equalized values of the respective municipalities.

The Town's share of the EMS District costs in 2012 is included in the Town's payment to the Fire District.

**Community Center**

The Town of Windsor together with the Town of Vienna and Village of DeForest entered into an agreement regarding the programs and operation of the DeForest Area Community Center. The agreement was executed on July 6, 1993. In 2003, the Town began acting as the fiscal agent for the Center. The Town pays its bills and the employees of the Center are included in the Town's payroll. The cash of the Center is included in the Town's financials as an agency fund.

The agreement specifies that the Community Center is to be governed by a nine (9) member commission including one member of the Town of Windsor Board of Supervisors and two (2) Town residents appointed by the Town Chairperson. Costs are to be shared by the municipalities based on the populations of the respective municipalities.

The Town's share of Community Center costs in 2012 amounted to \$187,549. The latest budget figures indicate the Town's portion of the 2013 Community Center budget is \$204,095.

The Half Century Club owes the Town \$226,667 for funds the Town borrowed on behalf of the Half Century Club expansion. See Note 4 for a more detailed explanation.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

**9. Fund Balance**

The following restrictions and assignments of fund balance were made:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
<b><u>General Fund</u></b>						
Delinquent Personal Property Taxes	\$ 10,298	\$ -	\$ -	\$ -	\$ -	\$ 10,298
Cash Management	-	-	-	-	180,000	180,000
Other	-	-	-	1,800	-	1,800
Parks	-	24,101	-	-	-	24,101
Token Creek Conservancy	-	-	9,362	-	-	9,362
Unassigned	-	-	-	-	694,412	694,412
Total General Fund	<u>\$ 10,298</u>	<u>\$ 24,101</u>	<u>\$ 9,362</u>	<u>\$ 1,800</u>	<u>\$ 874,412</u>	<u>\$ 919,973</u>
<b><u>Debt Service Fund</u></b>						
Advances	\$ 20,000	\$ -	\$ -	\$ -	\$ -	20,000
Debt Service	-	-	-	722,298	-	722,298
Total Debt Service Fund	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 722,298</u>	<u>\$ -</u>	<u>\$ 742,298</u>
<b><u>Capital Projects Fund</u></b>						
Restricted for Future Capital Projects	\$ -	\$ 989,396	\$ -	\$ -	\$ -	\$ 989,396
<b><u>Non-Major Funds</u></b>						
Community Development Authority	\$ -	\$ 186,661	\$ -	\$ -	\$ -	\$ 186,661
Developer Charge-Back	-	13,028	-	-	-	13,028
Business Park Utility District	-	1,124	-	-	-	1,124
Utility District 4 Water Loop	-	33,634	-	-	-	33,634
Purchase of Development Rights Fund	-	13,715	-	-	-	13,715
Capital Projects Reserve/Replacement	-	-	-	272,364	-	272,364
Impact Fee Fund	-	278,382	-	-	-	278,382
Total	<u>\$ -</u>	<u>\$ 526,544</u>	<u>\$ -</u>	<u>\$ 272,364</u>	<u>\$ -</u>	<u>\$ 798,908</u>
<b>Total</b>	<u>\$ 30,298</u>	<u>\$ 1,540,041</u>	<u>\$ 9,362</u>	<u>\$ 996,462</u>	<u>\$ 874,412</u>	<u>\$ 3,450,575</u>

The restricted capital projects fund balance is for future road work. Of the restricted amount, the Town has commitments of approximately \$420,000 in 2013.

**TOWN OF WINDSOR**  
**Notes to Financial Statements**  
**December 31, 2012**

---

**10. Net Position**

The following is a detailed schedule of Net Position as of December 31, 2012:

<b>Net Investment in Capital Assets</b>	
Capital assets, net	\$ 12,393,364
Less: Current portion of long-term debt	(1,095,000)
Less: Long-term debt outstanding	(9,990,000)
Plus: Unspent bond proceeds	443,350
Plus: CDA debt not related to capital assets	5,805,000
	7,556,714
 <b>Restricted Net Position</b>	
Special Revenues	61,501
Capital Projects	824,428
	885,929
<b>Unrestricted Net Position</b>	1,524,164
<b>Total Net Position</b>	\$ 9,966,807

Restatement of Net Position

As a result of the new accounting standard described in Note 1, net position has been restated as of January 1, 2012. The restatement represents the amount of unamortized debt issuance costs that under the new standards should be expensed in the year incurred and no longer amortized over the life of the debt issue. Net position is also being restated for a capital purchase recorded in 2005 that was not owned by the Town. The restate represents the original costs of the asset less any previously recorded depreciation.

Net position has also been restated as of January 1, 2012 to reflect the Town's investment in the Joint Fire District as referenced in Note 8. Prior to the restatement the equity interest was considered immaterial since the outstanding debt and lease obligations offset the asset.

Net position has been restated as follows:

Net Position - As Stated December 31, 2011	\$ 8,937,408
Adjustment for new accounting standard	(96,842)
Capital Asset not owned by Town - net	(88,000)
Equity Interest in Fire District	324,876
Net Position - As restated January 1, 2012	\$ 9,077,442

**11. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; error and omissions; workers compensation; and health care of its employees. All 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.

## REQUIRED SUPPLEMENTARY INFORMATION

**Town of Windsor  
DeForest, Wisconsin**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (with Variances) - General Fund  
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	1,446,305	1,446,305	\$ 1,446,305	\$ -
Other Taxes	52,068	52,068	74,515	22,447
Intergovernmental	307,299	307,299	312,053	4,754
License and Permits	108,150	139,150	151,564	12,414
Fines, Forfeits and Penalties	9,700	9,700	8,997	(703)
Public Charges for Services	397,533	397,533	404,737	7,204
Interest Income	2,700	300	3,052	2,752
Miscellaneous Income	20,880	20,880	13,509	(7,371)
Total Revenues	<u>2,344,635</u>	<u>2,373,235</u>	<u>2,414,732</u>	<u>41,497</u>
<b>EXPENDITURES</b>				
Current:				
General Government	690,052	690,052	660,223	29,829
Public Safety	645,099	645,099	674,611	(29,512)
Public Works	810,719	782,719	766,569	16,150
Culture, Recreation and Education	218,699	218,699	276,174	(57,475)
Conservation and Development	42,500	42,500	35,076	7,424
Total Expenditures	<u>2,407,069</u>	<u>2,379,069</u>	<u>2,412,653</u>	<u>(33,584)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(62,434)</u>	<u>(5,834)</u>	<u>2,079</u>	<u>7,913</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	104,500	54,500	54,500	-
Transfers Out	<u>(42,066)</u>	<u>(42,066)</u>	<u>(50,182)</u>	<u>(8,116)</u>
Total Other Financing Sources and Uses	<u>62,434</u>	<u>12,434</u>	<u>4,318</u>	<u>(8,116)</u>
Net Change in Fund Balances	-	6,600	6,397	(203)
Fund Balances - Beginning	880,115	880,115	880,115	-
Fund Balances - Ending	<u>\$ 880,115</u>	<u>\$ 886,715</u>	<u>\$ 886,512</u>	<u>\$ (203)</u>
Reconciliation of Fund Balance:				
Budgetary Fund Balance			\$ 886,512	
Perspective Differences:				
Revenues not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance		64,458		
Expenditures not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance		(68,087)		
Transfers not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance		5,520		
Beginning fund balance of funds not included in budgetary basis, but included in Statement of Revenues, Expenditures, and Changes in Fund Balance		<u>31,570</u>		
			<u>33,461</u>	
Fund Balance per Statement of Revenues, Expenditures, and Changes in Fund Balance			<u>\$ 919,973</u>	

## SUPPLEMENTARY INFORMATION

**Town of Windsor  
DeForest, Wisconsin**

**Balance Sheet  
Non-Major Governmental Funds  
December 31, 2012**

	<b>Special Revenue Funds</b>		
	<b>Developer Chargeback Fund</b>	<b>Business Park Utility District</b>	<b>Utility District #4 Water Loop</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 29,607	\$ 1,124	\$ 33,634
Receivables:			
Taxes	-	-	-
Other	5,650	-	-
Total Assets	<u>35,257</u>	<u>1,124</u>	<u>33,634</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable & Accrued Liabilities	6,218	-	-
Accrued Liabilities	16,011	-	-
Advances Payable	-	-	-
Total Liabilities	<u>22,229</u>	<u>-</u>	<u>-</u>
Deferred Inflows:			
Tax Levy	-	-	-
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted	13,028	1,124	33,634
Assigned	-	-	-
Total Fund Balances	<u>13,028</u>	<u>1,124</u>	<u>33,634</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 35,257</u>	<u>\$ 1,124</u>	<u>\$ 33,634</u>

**Town of Windsor  
DeForest, Wisconsin**

**Balance Sheet  
Non-Major Governmental Funds  
December 31, 2012**

	<u>Capital Projects Funds</u>			<u>CDA</u>	<u>Total</u>
	<u>Purchase of Development Rights</u>	<u>Capital Projects Reserve/Replacem ent</u>	<u>Impact Fee</u>	<u>Community Development Authority</u>	<u>Non-Major Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 13,715	\$ 272,364	\$ 287,382	\$ 206,663	\$ 844,489
Receivables:					
Taxes	-	60,000	-	-	60,000
Other	-	-	-	5,423	11,073
Total Assets	<u>13,715</u>	<u>332,364</u>	<u>287,382</u>	<u>212,086</u>	<u>\$ 915,562</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable & Accrued Liabilities	-	-	9,000	5,425	\$ 20,643
Accrued Liabilities	-	-	-	-	16,011
Advances Payable	-	-	-	20,000	20,000
Total Liabilities	<u>-</u>	<u>-</u>	<u>9,000</u>	<u>25,425</u>	<u>56,654</u>
Deferred Inflows:					
Tax Levy	-	60,000	-	-	60,000
Total Deferred Inflows	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>60,000</u>
Fund Balances:					
Restricted	13,715	-	278,382	186,661	526,544
Assigned	-	272,364	-	-	272,364
Total Fund Balances	<u>13,715</u>	<u>272,364</u>	<u>278,382</u>	<u>186,661</u>	<u>798,908</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 13,715</u>	<u>\$ 332,364</u>	<u>\$ 287,382</u>	<u>\$ 212,086</u>	<u>\$ 915,562</u>

**Town of Windsor  
DeForest, Wisconsin**

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

	<b>Special Revenue Funds</b>				
	<b>Developer Chargeback Fund</b>	<b>Morrisonville Utility District</b>	<b>Utility District #3</b>	<b>Business Park Utility District</b>	<b>Utility District #4 Water Loop</b>
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,638	-	-	-	-
License and Permits	-	-	-	-	-
Public Charges for Services	-	-	-	-	-
Interest Income	19	-	30	-	-
Miscellaneous Income	-	-	-	-	-
Total Revenues	<u>7,657</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
General Government	-	9	30	-	-
Public Safety	-	-	-	-	-
Public Works	8,978	-	-	-	-
Conservation and Development	-	-	-	-	-
Total Expenditures	<u>8,978</u>	<u>9</u>	<u>30</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,321)</u>	<u>(9)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Sale of Assets	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	(34,183)	-	-	-
Total Other Financing Sources and Uses	<u>-</u>	<u>(34,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,321)	(34,192)	-	-	-
Fund Balances (Deficits) - Beginning	14,349	34,192	-	1,124	33,634
Fund Balances (Deficits) - Ending	<u>\$ 13,028</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,124</u>	<u>\$ 33,634</u>

**Town of Windsor  
DeForest, Wisconsin**

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

	<u>Capital Projects Funds</u>			<u>CDA</u>	<u>Total</u>
	<u>Purchase of Development Rights</u>	<u>Capital Projects Reserve/Replace ment</u>	<u>Impact Fee</u>	<u>Community Development Authority</u>	<u>Non-Major Governmental Funds</u>
<b>REVENUES</b>					
Property Taxes	\$ -	\$ 60,000	\$ -	\$ -	\$ 60,000
Intergovernmental	264,154	-	-	-	271,792
License and Permits	-	-	90,667	6,614	97,281
Public Charges for Services	-	-	17,040	-	17,040
Interest Income	-	-	-	952	1,001
Miscellaneous Income	-	-	-	1,350	1,350
Total Revenues	<u>264,154</u>	<u>60,000</u>	<u>107,707</u>	<u>8,916</u>	<u>448,464</u>
<b>EXPENDITURES</b>					
Current:					
General Government	10,348	-	-	18,519	28,906
Public Safety	-	-	17,046	-	17,046
Public Works	-	-	42,000	-	50,978
Conservation and Development	260,900	-	-	12,925	273,825
Total Expenditures	<u>271,248</u>	<u>-</u>	<u>59,046</u>	<u>31,444</u>	<u>370,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,094)</u>	<u>60,000</u>	<u>48,661</u>	<u>(22,528)</u>	<u>77,709</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Sale of Assets	-	-	-	183,250	183,250
Transfers In	-	-	-	44,662	44,662
Transfers Out	-	(54,500)	-	(182,850)	(271,533)
Total Other Financing Sources and Uses	<u>-</u>	<u>(54,500)</u>	<u>-</u>	<u>45,062</u>	<u>(43,621)</u>
Net Change in Fund Balances	(7,094)	5,500	48,661	22,534	34,088
Fund Balances (Deficits) - Beginning	20,809	266,864	229,721	164,127	764,820
Fund Balances (Deficits) - Ending	<u>\$ 13,715</u>	<u>\$ 272,364</u>	<u>\$ 278,382</u>	<u>\$ 186,661</u>	<u>\$ 798,908</u>

**Town of Windsor  
DeForest, Wisconsin**

Debt Repayment Summary  
Principal Payments  
12/31/12

Year	2009 GO	2010 GO	2011 GO	2012 GO	Total G.O. Debt
2013	\$ 100,000	\$ 100,000	\$ 625,000	\$ 270,000	\$ 1,095,000
2014	125,000	100,000	700,000	300,000	1,225,000
2015	100,000	100,000	125,000	905,000	1,230,000
2016	215,000	500,000	300,000	50,000	1,065,000
2017	220,000	500,000	255,000	125,000	1,100,000
2018	220,000	500,000	-	225,000	945,000
2019	220,000	500,000	-	200,000	920,000
2020	-	3,505,000	-	-	3,505,000
	<u>\$ 1,200,000</u>	<u>\$ 5,805,000</u>	<u>\$ 2,005,000</u>	<u>\$ 2,075,000</u>	<u>\$ 11,085,000</u>

**Town of Windsor  
DeForest, Wisconsin**

Debt Repayment Summary  
Interest Payments  
12/31/12

Year	2009 GO	2010 GO	2011 GO	2012 GO	Total GO
2013	\$ 34,160	\$ 222,963	\$ 40,738	\$ 13,388	\$ 311,248
2014	31,723	221,463	28,237	12,690	294,112
2015	28,985	219,413	14,237	11,340	273,975
2016	24,568	216,963	11,738	6,363	259,631
2017	18,040	202,713	5,738	5,988	232,478
2018	11,055	186,463	-	4,863	202,380
2019	3,740	168,463	-	2,500	174,703
2020	-	148,963	-	-	148,963
	<u>\$ 152,270</u>	<u>\$ 1,587,400</u>	<u>\$ 100,688</u>	<u>\$ 57,130</u>	<u>\$ 1,897,488</u>