

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

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VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Weston, Wisconsin, conform to generally accepted accounting principles (GAAP) as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the Village of Weston. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate units, are, in substance, part of the government's operations. If the Village had any discretely presented component units, they would be reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The Village of Weston, Wisconsin, is a Village governed by an elected seven-member village board of trustees. As required by general accepted accounting principles, these financial statements reflect all significant operations under the control of its Village Board.

The Village is a member of the Everest Metro Police Department. This is a joint venture with the City of Schofield and the Town of Weston. See Note V.(F.) for more information on the joint venture.

Included in the reporting entity:

Blended Component Unit - Weston Community Development Authority

The sole purpose of the Weston Community Development Authority (CDA) is to issue community development lease revenue bonds, taxable bonds or double tax-exempt bonds depending on the nature of the borrowing issue purpose, on behalf of the Village of Weston and to enter into an agreement with the Village of Weston for the lease of the land in the Village's two tax incremental financing (TIF) districts between the Village and the CDA. The Village Board is responsible for appointing the seven board members of the Community Development Authority. The CDA does review project plans for the Village's TIF districts. The CDA will review these project plans in determining blight elimination, slum clearance, urban renewal, and other community development programs. At the present time, the CDA's oversight responsibility extends only to capital borrowing for redevelopment projects that are located within TIF Districts #1 and #2. The Village of Weston Planning Commission recommends all redevelopment projects occurring within the TIF districts to the Village Board, whereas the CDA is not involved in any redevelopment process. Finally, the Village Board sets and adopts the budget for the TIF districts. The Village is the only revenue source for the CDA, and the Village is able to exercise significant influence over the CDA. All activities of the CDA are reported in a special revenue fund and are part of the reporting entity of the Village of Weston, following the same fiscal year (calendar year) for reporting as the Village.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets 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 or services. Likewise, the primary government is reported separately from any legally separate component unit for which the primary government is financially accountable.

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses.

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

Funds are organized as major funds or non-major funds within the governmental, proprietary, and fiduciary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The Village reports the following major governmental funds:

General Fund – accounts for the Village’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 – accounts for resources accumulated and payments made for principal and interest on long-term debt other than tax increment financing (TIF) or enterprise fund debt.

Capital Projects – TIF District #1 – accounts for expenditures outlined in the TIF project plan and related revenues and proceeds from long-term borrowing.

The Village reports the following major enterprise funds:

Water Utility – accounts for operations of the water system
Sewer Utility – accounts for operations of the sewer system
Stormwater Utility – accounts for operations of the stormwater system

The Village reports the following non-major governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Block Grant/Revolving Loan
TIF District #1
TIF District #2
Environmental TIF District
Business Grants
Community Development Authority (CDA) – TIF District #1
Community Development Authority (CDA) – TIF District #2
Aquatic Center
Room Taxes
Civic and Social
Park and Recreation

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

Street Projects
Facility Projects
Public Safety Building
Capital Equipment
TIF District #2
Environmental TIF District

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the Village reports the following fund types:

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

Fringe Benefits/Insurances

Agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village does not have any agency funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets 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 revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board (GASB), and have elected not to follow Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer, and stormwater utility funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

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

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

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

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

The Village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year, which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Village has 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 Village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The water utility and sewer utility record an annual payment in lieu of taxes (PILOT) expense based on the value of its plant and the current assessment ratio and local and school portion of the mill rate. Municipal utilities are exempt from federal and state income taxes. Taxes include the employer's share of Social Security and Medicare, and PSCW remainder assessment.

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

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.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

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

Investment of Village funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank, or trust company maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.

Additional restrictions may arise from local charters, ordinances, resolutions, and grant regulations. The Village believes it is in compliance with all restrictions.

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

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, 2004, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The CLASS investment (Cooperative Liquid Assets Securities System) is an investment pool established by an intergovernmental agreement dated March 1, 1996. CLASS is available for investment by Wisconsin governmental entities except school districts. CLASS operates consistent with the provisions of a 2a-7 like pool, and invests only in investments legally permissible under Wisconsin law, with a weighted average maturity not exceeding 120 days. The value of pool shares is the same as the fair value position in the pool.

See Note IV.(A.) for further information.

2. Receivables

Property Taxes

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the Village, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as deferred revenues and due to other taxing units on the accompanying general fund balance sheet.

Property tax calendar – 2004 tax roll:

Lien date and levy date	December 2004
Tax bills mailed	December 2004
Payment in full, or	January 31, 2005
First installment due date	January 31, 2005
Second installment due date	July 31, 2005
Personal property taxes in full	January 31, 2005
Tax sale – 2004 delinquent real estate taxes	October 2007

Uncollectible Accounts

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible utility accounts receivable has been made for the water utility, sewer utility, and stormwater utility because they have the right by law to place delinquent bills on the tax roll.

Interfund Transactions

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

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

Loans

The Village has received federal and state grant funds for economic development loan programs to various businesses. The Village records a loan receivable when the loan has been made and funds have been disbursed. The amount recorded as economic development loans receivable has been reduced by all known uncollectible accounts. No allowance is necessary at year-end.

It is the Village's policy to record revenue when the funds are initially drawn down from the federal and state grant funds. The net amount of the loan receivable balance is offset by a reserve for loans receivable. As loans are repaid, the reserve for loans receivable is reduced and the designated fund balance is increased. When new loans are made from loan repayments, the reserve for loans receivable is increased and the designated fund balance is decreased. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as designated fund balance in the governmental fund balance sheet.

For economic development loans, the Village is limited by the Wisconsin Department of Commerce to the amount of program income from economic development loans it may retain and loan to other businesses. Program income includes the principal and interest received from economic development loan repayments. Based upon its current population, the Village may retain \$750,000. In June 2002, the Village pooled its resources with a number of other communities. The loan program is administered by Marathon County (McDevco). The Village is now able to award loans cumulatively over the \$750,000 level due to this pooled loan program. When the Village exceeds its share of this pool, a liability to the county will be recorded.

At December 31, 2004, the Village has not exceeded its maximum retention cap of \$750,000. When it does, a liability to the state (Wisconsin Department of Commerce) will be recorded for any funds that are required to be repaid to the state.

3. Inventories and Prepaid Items

Inventories of the proprietary funds are stated at the lower of cost or market utilizing the average cost method and charged to construction or expense when used. Governmental fund type inventories are recorded as expenditures when consumed rather than when purchased, based on original cost using the FIFO method of accounting. There were no governmental fund type inventories for 2004.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. 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 assets with an initial cost of more than \$5,000 for general and infrastructure capital assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2004, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2008 when GASB No. 34 requires the Village to retroactively report all major general infrastructure assets acquired since January 1, 1980. The Village has retroactively reported streets, bridges, sidewalks, trails, right-of-way, street lights, and traffic signals acquired by its governmental fund types.

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

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

Buildings	40 Years
Land Improvements	30 Years
Machinery and Equipment	3-20 Years
Utility System	4-80 Years
Infrastructure	40-70 Years

Fund Financial Statements

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

6. Other Assets

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

7. Basis for Existing Rates – Proprietary Funds

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on October 4, 1988 and placed into effect on October 18, 1988.

Sewer Utility

Current sanitary sewer/wastewater rates were approved by the Village Board on December 15, 2003.

Stormwater Utility

Current stormwater rates were approved by the Village Board on March 15, 2004.

8. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2004 are determined on the basis of current salary rates and include salary related payments.

9. Long-Term Obligations/Conduit Debt

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

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

The Village has approved the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. One series of IRB's, issued in 2004, is outstanding. At year-end, the principal amount of this issue could not be determined. However, the original issue amount totaled \$5,500,000.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Claims and Judgments

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

11. Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, net of any unexpended debt proceeds.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When both restricted and unrestricted resources are available for use, it is the Village’s policy to use restricted resources first, and then unrestricted resources as they are needed.

The net asset section includes an adjustment for capital assets owned by the business-type activities column, but financed by debt of the governmental activities column.

The amount is a reduction of “invested in capital assets, net of related debt”, and an increase in “unrestricted” net assets, shown only in the total column.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide statements. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY

The accompanying financial statements have been prepared in accordance with a new reporting model defined by GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2004. GASB 34 significantly changes financial reporting for governmental entities. Previous years' financial statements of the Village were not prepared in accordance with the new reporting model. Therefore, the accompanying financial statements are not comparable to previous years' financial statements.

GASB Statement No. 34 creates new basic financial statements for reporting on the Village's financial activities. The financial statements include government-wide financial statements prepared on the accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are aggregated and presented in a single column.

The government-wide financial statements split the Village's programs between governmental activities and business-type activities. The beginning net asset amount for the governmental programs reflects the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to the accrual basis of accounting. The beginning net assets amount for the business-type activities equals fund equity of the enterprise funds from the prior year.

GASB Statement No. 33 establishes accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available.

GASB Statement No. 37 makes certain clarifications regarding escheat property and modifies several provisions of GASB Statement No. 34, including the Management's Discussion and Analysis. GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement disclosure requirements.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The restatement due to the implementation of the above statements and interpretation had the following effects on fund equity of the major and nonmajor funds of the Village as they were previously reported.

General fund	\$ 2,480,527
Special revenue funds	1,871,366
Debt service fund	589,740
Capital projects funds	2,769,566
Internal service fund	<u>22,810</u>
Fund balance, December 31, 2003	\$ 7,734,009
Capital assets	50,685,270
Deferred revenues	1,332,411
Investment in joint venture	213,958
Compensated absences	(33,295)
Deferred pension costs	(134,694)
Advances from developers on TIF District letters of credit	(27,838)
Unamortized discounts/premiums on debt issues	405,820
Unamortized issuance costs on debt issues	234,042
Accrued interest on debt	(458,325)
Long-term obligations	<u>(30,705,996)</u>
Net assets, December 31, 2003	<u>\$29,245,362</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE II– RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds”. The details of this \$47,695,790 difference in liabilities is as follows:

General obligation bonds and notes payable	\$14,492,318
Revenue bonds payable	33,109,000
Compensated absences	37,103
Advances from developers on TIF District letters of credit	217,874
Accrued interest	631,384
Unamortized debt discounts and premiums	(482,296)
Unamortized debt issuance costs	<u>(309,593)</u>
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	<u>\$47,695,790</u>

NOTE III– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the general fund, certain special revenue funds, debt service fund, certain capital project funds, enterprise funds, and the internal service fund. Budgets have not been formally adopted for the Community Development Authority – TIF District #2 special revenue fund or the room taxes special revenue fund. The TIF District #2 special revenue fund and the Environmental TIF District capital projects fund were budgeted; however, it was a zero budget as no activity was anticipated. Comparative schedules have been presented in supplementary information for all funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made.

The Village follows these procedures in establishing the budget versus actual budgetary data reflected in the financial statements:

- a. The Village Administrator submits to the Village Board a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the Weston Municipal Center to obtain taxpayer comments.
- c. Prior to December 31, the budget is legally adopted through passage of a village resolution.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE III- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

A. BUDGETARY INFORMATION (cont.)

- d. The budget as adopted, includes total expenditures at the cost center level. A cost center can be a fund, major program, department, or other activity for which control of expenditures are considered desirable. Cost centers are defined as follows for the governmental fund types with annual budgets: General Fund at the department level, Special Revenue and Capital Projects Funds at the major program level, and Debt Service Fund at total fund level. Expenditures cannot legally exceed appropriations at this level without two-thirds Village Board approval to amend the budget. There were no supplemental appropriations during 2004.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Enterprise Funds, and the Internal Service Fund.

A comparison of Actual and Budget is included in the accompanying financial statements for all governmental fund types with a legally adopted annual budget. The budget presentations are at the cost center level (legal level of control for the annual budget). The Village did not adopt budgets for the Community Development Authority – TIF District #2 special revenue fund and the Environmental TIF District capital projects fund.

- f. All budgets adopted conform to generally accepted accounting principles (GAAP), including the Enterprise Funds. Budget amounts are as originally adopted or as amended via the procedures explained above. Individual amendments were legally authorized as described.
- g. Budgets for all non-committed governmental funds lapse at year-end.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following individual funds had an excess of expenditures over appropriations at the legal level of budgetary control for the year ended December 31, 2004.

	<u>Excess Expenditures</u>
Special Revenue Funds	
TIF District #1	\$ 2,472
TIF District #2	12
Environmental TIF District	148
Business grants	50
Community Development Authority – TIF District #1	59,917
Community Development Authority – TIF District #2	20,686
Room taxes	2,328
Park and recreation	8,688
Capital Projects Funds	
Facility projects	13,051
Public safety building	11,498

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE III- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2004, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Deficit Balance</u>	<u>Reason</u>
Special Revenue Funds		
TIF District #1	\$693,995	Costs exceed accrued tax increments
TIF District #2	7,578	Costs exceed accrued tax increments
Environmental TIF District	4,101	Costs exceed accrued tax increments
Business Grants	39,378	Costs exceed accrued tax levies
Capital Projects Funds		
Environmental TIF District	86,419	Costs exceed other financing sources

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts. Other fund deficits are expected to be funded with future property tax levies.

D. BOND COVENANT DISCLOSURE – WATER UTILITY AND SEWER UTILITY

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the 1997, 1998, 2000, and 2001 revenue bonds.

Insurance

The water and sewer utilities are covered under the following insurance policies at December 31, 2004:

<u>Type</u>	<u>Coverage</u>	
<i>Local Government Property Insurance Fund</i>		
General Liability	\$10,000,000	12/31/2004
Automobile	4,000,000	12/31/2004
Property	4,810,175	12/31/2004

Refer to Note V.(B.) for additional insurance information.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE III– STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

D. BOND COVENANT DISCLOSURE – WATER UTILITY AND SEWER UTILITY (cont.)

Debt Coverage

Under terms of the resolutions providing for the issue of revenue bonds, revenues less operating expenses excluding depreciation (defined net earnings) must exceed 1.25 times the highest annual debt service of the bonds. The coverage requirement was met as follows:

	<u>Water Utility</u>	<u>Sewer Utility</u>
Operating revenues	\$1,703,393	\$1,657,180
Investment earnings	88,915	116,994
Miscellaneous non-operating income	582	-
Less: Operations and maintenance expenses	(605,732)	(728,957)
Net Defined Earnings	<u>\$ 1,187,158</u>	<u>\$ 1,045,217</u>
Minimum Required Earnings per Resolution:		
Highest annual debt service	\$572,822	\$507,718
Coverage factor	1.25	1.25
Minimum Required Earnings	<u>\$ 716,028</u>	<u>\$ 634,648</u>

Number of Customers

The utilities had the following number of customers and billed volumes for 2004.

	<u>Water Utility</u>		<u>Sewer Utility</u>	
	<u>Customers</u>	<u>Sales (000 gals)</u>	<u>Customers</u>	<u>Sales (000 gals)</u>
Residential	4,030	214,968	4,017	193,230
Commercial	457	104,848	458	94,962
Industrial	4	220,154	1	16,274
Public Authority	27	21,453	27	11,468
Miscellaneous Other	-	948	-	-
Totals	<u>4,518</u>	<u>562,371</u>	<u>4,503</u>	<u>315,934</u>

Utility Budget

The 2004 water and sewer utility budgets were prepared and approved as required by the bond resolutions. The budget information is as follows:

	<u>Revenues/Sources</u>		<u>Expenses/Uses</u>	
	<u>Actual *</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Water Utility	\$ 1,792,890	\$ 1,703,800	\$ 1,701,170	\$ 1,477,475
Sewer Utility	1,774,174	1,654,400	1,733,521	1,640,314

* Excluding capital contribution revenue sources in the Water Utility of \$2,206,245 and in the Sewer Utility of \$1,670,858.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV– DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The Village's deposits and investments are as follows:

Cash on hand	\$ 5,200
Deposits	7,411,622
Investments	<u>20,009,271</u>
Total Deposits and Investments	<u>\$ 27,426,093</u>
Per statement of net assets – cash and investments	\$ 24,083,280
Per statement of net assets – restricted cash and investments	<u>3,342,813</u>
Total	<u>\$ 27,426,093</u>

Deposits

At year-end, the carrying amount of the Village's deposits was \$7,411,622 and the bank balance was \$8,745,200. Of the bank balance, \$4,346,319 is category one (insured, registered or collateralized); these deposits were covered by FDIC insurance, NCUA insurance, or by collateralization as evidenced by securities held by its agent in the Village's name. The remaining balance of \$4,398,881 is category three (uninsured and uncollateralized), including those deposits that are covered by the State Deposit Guarantee Fund (explained below). The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Deposits in each local and area bank and the Local Government Investment Pool are insured by the FDIC, while credit unions are insured by the NCUA (National Credit Union Association), in the amount of \$100,000 for all interest bearing accounts and \$100,000 for all non-interest bearing accounts.

Bank and credit union accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000 for each financial institution. However, although the fund had reserves available at December 31, 2004, the future availability of resources to cover any losses cannot be projected because provisions of the 1985 Wisconsin Act 25 provide that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted, at which time the fund will be abolished. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and with other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing the amounts covered by insurance above.

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

Investments

The Village's investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year-end. Category 1 includes items that are insured or registered or which are evidenced by securities held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments, with securities held by the counter party in the Village's name or held by the counter party's trust department or agent but not in the Village's name.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Investments (cont.)

Types of Investments	1	Category 2	3	Carrying Amount
U.S. government securities	\$ 968,751	\$4,434,104	\$ -	\$5,402,855
Investment in State of Wisconsin Local Government Investment Pool (LGIP)				2,311,396
Investment in MBIA Investment Pool (CLASS)				<u>12,295,020</u>
Total Investments				<u>\$20,009,271</u>

The Village had no significant type of investment during the year not included in the above schedule.

Investments in the LGIP 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 except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

B. RECEIVABLES

All receivable balances are expected to be collected within one year.

Revenues of the Village are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

General Fund – Uncollectibles related to ambulance receivables	\$ 249,954
Total Uncollectibles of the Current Fiscal Year	<u>\$ 249,954</u>

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

	Unavailable	Unearned	Totals
Property taxes receivable	\$ -	\$4,930,875	\$4,930,875
Unearned revenue	-	3,262	3,262
Special assessments/special charges not yet due	1,393,729	-	1,393,729
Receivables not received within 60 days of year-end	<u>102,551</u>	<u>-</u>	<u>102,551</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$1,496,280</u>	<u>\$4,934,137</u>	<u>\$6,430,417</u>

On the statement of net assets \$19,786 of unearned revenue is reported from the internal service funds for total unearned revenue of \$4,953,923.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long-Term Debt Accounts

- Reserve - Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Redemption - Used to segregate resources accumulated for debt service payments over the next twelve months.
- Construction - Used to segregate the balance of the bond proceeds not yet spent, which will be used to pay for the remainder of the construction projects.

The following calculation supports the amount of restricted net assets:

	<u>Amount</u>
Restricted Assets	
Revenue bond reserve account	\$ 1,018,494
Revenue bond redemption account	760,219
Revenue bond construction account	<u>1,564,100</u>
Total Restricted Assets	<u>3,342,813</u>
Less: Restricted Assets Not Funded by Revenues	
Revenue bond reserve account	(1,018,494)
Revenue bond construction account	<u>(1,564,100)</u>
Total Restricted Assets Not Funded by Revenues	<u>(2,582,594)</u>
Current Liabilities Payable From Restricted Assets	<u>(138,613)</u>
Total Restricted Net Assets as Calculated	<u>\$ 621,606</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004 was as follows:

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance
<u>Governmental Activities</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 3,361,431	\$ -	\$ 120,731	\$ 3,240,700
Right-of-ways	-	58,013	-	58,013
Construction in progress	-	3,139,999	-	3,139,999
Total Capital Assets Not Being Depreciated	<u>3,361,431</u>	<u>3,198,012</u>	<u>120,731</u>	<u>6,438,712</u>
Capital Assets Being Depreciated:				
Land improvements	490,184	1,064,850	-	1,555,034
Buildings	5,914,858	462,161	-	6,377,019
Equipment, furniture and fixtures	4,205,145	811,681	296,623	4,720,203
Roads/streets, Curb/gutters, Driveway approaches	53,069,752	4,556,308	-	57,626,060
Bridges	-	64,741	-	64,741
Street lighting	73,320	329,502	-	402,822
Traffic signals	358,409	74,555	-	432,964
Sidewalks	1,349,988	325,994	-	1,675,982
Total Capital Assets Being Depreciated	<u>65,461,656</u>	<u>7,689,792</u>	<u>296,623</u>	<u>72,854,825</u>
Less: Accumulated Depreciation for:				
Land improvements	102,783	46,781	-	149,564
Buildings	1,220,068	132,717	-	1,352,785
Equipment, furniture and fixtures	3,090,635	170,610	296,623	2,964,622
Roads/streets, Curb/gutters, Driveway approaches	13,360,690	2,351,210	-	15,711,900
Bridges	-	809	-	809
Street lighting	20,056	11,904	-	31,960
Traffic signals	162,519	19,783	-	182,302
Sidewalks	181,066	75,652	-	256,718
Total Accumulated Depreciation	<u>18,137,817</u>	<u>2,809,466</u>	<u>296,623</u>	<u>20,650,660</u>
Capital Assets, Net of Depreciation	<u>\$50,685,270</u>	<u>\$ 8,078,338</u>	<u>\$ 120,731</u>	<u>\$58,642,877</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>	
General government	\$ 25,987
Public safety	119,589
Public works, which includes the depreciation of infrastructure	2,581,894
Parks, recreation, and education	<u>81,996</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,809,466</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Water Utility				
Capital Assets Not Being Depreciated:				
Land and land rights	\$ 399,319	\$ -	\$ -	\$ 399,319
Intangible plant – organizational costs	319	-	-	319
Construction in progress	<u>403,222</u>	<u>1,060,895</u>	<u>333,390</u>	<u>1,130,727</u>
Total Capital Assets Not Being Depreciated	<u>802,860</u>	<u>1,060,895</u>	<u>333,390</u>	<u>1,530,365</u>
Capital Assets Being Depreciated:				
Buildings and systems	627,271	-	-	627,271
Improvements other than buildings	16,077,767	1,504,503	6,831	17,575,439
Machinery and equipment	<u>1,370,609</u>	<u>21,266</u>	<u>-</u>	<u>1,391,875</u>
Total Capital Assets Being Depreciated	<u>18,075,647</u>	<u>1,525,769</u>	<u>6,831</u>	<u>19,594,585</u>
Less: Accumulated Depreciation for:				
Buildings and systems	84,083	12,003	-	96,086
Improvements other than buildings	2,155,169	336,441	6,831	2,484,779
Machinery and equipment	<u>183,726</u>	<u>26,634</u>	<u>-</u>	<u>210,360</u>
Total Accumulated Depreciation	<u>2,422,978</u>	<u>375,078</u>	<u>6,831</u>	<u>2,791,225</u>
Capital Assets, Net of Depreciation	<u>\$16,455,529</u>	<u>\$ 2,211,586</u>	<u>\$ 333,390</u>	<u>\$18,333,725</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Sewer Utility				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 1,097,894	\$ 769,601	\$ 1,619,293	\$ 248,202
Total Capital Assets Not Being Depreciated	<u>1,097,894</u>	<u>769,601</u>	<u>1,619,293</u>	<u>248,202</u>
Capital Assets Being Depreciated:				
Buildings and systems	30,298	1,084,603	-	1,114,901
Improvements other than buildings	22,703,278	1,819,035	151,121	24,371,192
Machinery and equipment	<u>512,484</u>	<u>755</u>	<u>-</u>	<u>513,239</u>
Total Capital Assets Being Depreciated	<u>23,246,060</u>	<u>2,904,393</u>	<u>151,121</u>	<u>25,999,332</u>
Less: Accumulated Depreciation for:				
Buildings and systems	21,909	12,146	-	34,055
Improvements other than buildings	4,032,483	474,302	48,255	4,458,530
Machinery and equipment	<u>360,348</u>	<u>33,632</u>	<u>-</u>	<u>393,980</u>
Total Accumulated Depreciation	<u>4,414,740</u>	<u>520,080</u>	<u>48,255</u>	<u>4,886,565</u>
Capital Assets, Net of Depreciation	<u>\$19,929,214</u>	<u>\$ 3,153,914</u>	<u>\$ 1,722,159</u>	<u>\$21,360,969</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance (as restated)	Additions	Deletions	Ending Balance
<u>Stormwater Utility</u>				
Capital Assets Not Being Depreciated:				
Construction in progress	\$ -	\$ 1,324,742	\$ 536,664	\$ 788,078
Total Capital Assets Not Being Depreciated	-	1,324,742	536,664	788,078
Capital Assets Being Depreciated:				
Improvements other than buildings	7,249,839	2,129,619	-	9,379,458
Machinery and equipment	-	755	-	755
Total Capital Assets Being Depreciated	7,249,839	2,130,374	-	9,380,213
Less: Accumulated Depreciation for:				
Improvements other than buildings	1,863,557	208,509	-	2,072,066
Machinery and equipment	-	76	-	76
Total Accumulated Depreciation	1,863,557	208,585	-	2,072,142
Capital Assets, Net of Depreciation	\$ 5,386,282	\$ 3,246,531	\$ 536,664	\$ 8,096,149
Total Business-Type Activities	\$41,771,025	\$ 8,612,031	\$2,592,213	\$47,790,843

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 370,685
Sewer	524,473
Stormwater	208,585
Total Business-Type Activities Depreciation Expense	\$ 1,103,743

The difference between the depreciation expense reported for water on the income statement (\$370,685) and what is reported in the footnote (\$375,078) is related to the depreciation expense allocated to sewer from water on the water meters. The difference between the depreciation expense reported for sewer on the income statement (\$524,473) and what is reported in the footnote (\$520,080) is related to the depreciation expense allocated from water to sewer on the water meters.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special revenue – TIF district #1	\$ 374,708
General	Special revenue – CDA/TIF district #2	1,504
General	Special revenue – room taxes	2,328
General	Special revenue – civic and social	400
General	Capital projects – public safety building	12,820
General	Enterprise – water utility	259,016
General	Enterprise – sewer utility	254,039
General	Enterprise – stormwater utility	546,849
General	Internal service – fringe benefits	34,914
Enterprise – water utility	General	<u>650,336</u>
Sub-Total – Fund Financial Statements		\$2,136,914
Less: Elimination to government-wide statements		<u>(1,727,346)</u>
Total		<u>\$ 409,568</u>

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Government activities	Business-type activities	\$1,059,904
Less: Business-type activities	Government activities	<u>(650,336)</u>
Total Government-Wide Financial Statements		<u>\$ 409,568</u>

All of these amounts are due within one year.

The principal purpose of these interfunds is the PILOT due from the water utility to the general fund (\$258,910) and tax roll collections that were not distributed before year-end.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

Advances

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
General	Special revenue – TIF district #2	\$ 7,578	\$ 7,578
General	Special revenue – business grants	39,378	39,378
General	Capital projects – Environ. TIF district	<u>86,419</u>	<u>86,419</u>
Sub-Totals – Fund Financial Statements		\$ 133,375	<u>\$ 133,375</u>
Less: Elimination to government-wide statements		<u>(133,375)</u>	
Total		<u>\$ -</u>	

The principal purpose of the interfunds is due to expenditures exceeding revenues.

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

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

Fund Transferred From	Fund Transferred To	Amount	Principal Purpose
General Fund			
	Debt service	\$ 134,694	Debt service
	Capital projects – street projects	104,270	Ross Ave. bridge repairs
	Capital projects – capital equipment	5,000	Fire equipment donations
Special Revenue			
TIF District #1	General fund	23,975	Operating subsidy
TIF District #1	Debt service	564,626	Debt service
TIF District #2	General fund	7,566	Operating subsidy
Environmental TIF District	General fund	200	Operating subsidy
Environmental TIF District	Capital projects–Environmental TIF District	874	Operating subsidy
Business grants	General fund	40	Operating subsidy
CDA/TIF District #1	Special revenue – TIF District #1	280,906	Operating subsidy
CDA/TIF District #1	Debt service	805,303	Debt service
CDA/TIF District #1	Capital projects – TIF District #1	11,717,266	Borrowing proceeds
CDA/TIF District #2	Capital projects – TIF District #2	1,402,859	Borrowing proceeds
Park and recreation	Capital projects – facilities	40,233	Machmueller Park costs
Capital Projects			
Street projects	Capital projects – facilities	12,670	DPW building costs
Street projects	Capital projects – capital equipment	11,718	DPW skid steer
Facilities	Special revenue – park and recreation	434	Fun Run/Trail subsidy
Enterprise			
Water utility	General fund	279,201	Operating subsidy
Water utility	Capital projects – TIF District #1	247,273	Costs for water projects
Sewer utility	General fund	44,616	Operating subsidy
Stormwater utility	General fund	55,143	Operating subsidy
Sub-Total – Fund Financial Statements		\$15,738,867 *	
Less: Elimination to government-wide statements		(15,088,067)	
Total		\$ 650,800	
Summary of Transfers			
Transferred From	Transferred To	Amount	
Business-type activities	Government activities	\$ 650,800	
Less: Government activities	Business-type activities	-	
Total Government-Wide Financial Statements		\$ 650,800	

* There is a \$24,567 difference between transfers in and transfers out due to the accounting treatment of payment in lieu of taxes transferred into the General Fund (recorded on a modified accrual basis) and transferred out from the Water and Sewer Utility Funds (recorded on a full accrual basis).

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$13,641,996	\$ 1,765,005	\$ 914,683	\$14,492,318	\$ 1,180,713
Revenue bonds	17,064,000	16,130,000	85,000	33,109,000	105,000
Add/(Subtract) Deferred Amount For:					
Discounts	<u>(439,022)</u>	<u>(77,917)</u>	<u>(34,643)</u>	<u>(482,296)</u>	<u>(37,128)</u>
Sub-Total	<u>30,266,974</u>	<u>17,817,088</u>	<u>965,040</u>	<u>47,119,022</u>	<u>1,248,585</u>
Other Liabilities:					
Vested compensated absences	33,295	3,808	-	37,103	-
Deferred pension costs	134,694	-	134,694	-	-
Advances from developers on TIF District letters of credit	<u>27,838</u>	<u>190,036</u>	<u>-</u>	<u>217,874</u>	<u>-</u>
Total Other Liabilities	<u>195,827</u>	<u>193,844</u>	<u>134,694</u>	<u>254,977</u>	<u>-</u>
Total Governmental Activities Long-Term Liabilities	<u>\$30,462,801</u>	<u>\$18,010,932</u>	<u>\$ 1,099,734</u>	<u>\$47,373,999</u>	<u>\$1,248,585</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	\$ 2,723,999	\$ 947,100	\$ -	\$ 3,671,099	\$ -
Revenue bonds	8,961,000	-	650,000	8,311,000	665,000
Add/(Subtract) Deferred Amount For:					
Discounts	<u>(123,000)</u>	<u>-</u>	<u>(12,041)</u>	<u>(110,959)</u>	<u>(12,041)</u>
Total Business-Type Activities Long-Term Liabilities	<u>\$11,561,999</u>	<u>\$ 947,100</u>	<u>\$ 637,959</u>	<u>\$11,871,140</u>	<u>\$ 652,959</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the Village. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

The long-term obligations of the Village consist of two types, as described below:

Issued in the name of the Village of Weston, after the incorporation of the Village.

Issued in the name of the Town of Weston, before the incorporation, but assumed by the Village by contractual agreement.

Advances from developers on TIF District letters of credit represent shortfall payments made for the difference between the debt service payments required of a developer's project area and the annual property taxes received from the specific development area. Until the tax increment valuation of new growth in the development area is sufficient to cover the debt service payments for the project, the letter of credit from the developer's bank will be drawn upon to make this shortfall payment. Tax increments received in excess of the required debt service payments will be returned to developers in future years.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2004, was \$33,487,925. Total general obligation debt outstanding at year-end was \$18,163,417.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-04</u>
GOVERNMENTAL ACTIVITIES					
General Obligation Debt					
General Obligation Promissory Notes, Series 2004A	08/01/04	04/01/14	4.00 – 4.75%	\$ 800,000	\$ 800,000
General Obligation Promissory Notes, Series 2004 (Fire Truck)	02/09/04	02/09/14	3.58%	579,000	579,000
Taxable General Obligation Water System Promissory Notes, Series 2003	05/01/03	05/01/13	0.00%	400,000	385,317
General Obligation Corporate Purpose Bonds, Series 2003A	06/15/03	10/01/18	2.00 – 3.625%	1,566,451	1,526,451
General Obligation Corporate Purpose Bonds, Series 2002A	05/15/02	10/01/17	3.00 – 4.70%	1,687,750	1,397,750
General Obligation Corporate Purpose Bonds, Series 2001A	06/01/01	10/01/16	4.00 – 4.85%	6,406,275	3,926,275
General Obligation Corporate Purpose Bonds, Series 2000A	11/15/00	10/01/15	4.40 – 5.25%	3,307,525	2,582,525
General Obligation Community Development Bonds, Series 1998D	11/01/98	11/01/08	3.65 – 3.85%	4,055,000	585,000
Taxable General Obligation Community Development Bonds, Series 1998B	06/01/98	10/01/11	6.10 – 6.50%	1,125,000	855,000
General Obligation Aquatic Center Bonds, Series 1998A	05/01/98	10/01/13	4.15 – 4.80%	2,345,000	1,615,000
General Obligation Promissory Notes, Series 1997A	09/01/97	09/01/07	4.15 – 4.90%	695,000	<u>240,000</u>
Total Governmental Activities – General Obligation Debt					<u>\$14,492,318</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-04</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Debt					
General Obligation Promissory Notes, Series 2004	06/28/04	03/01/07	2.84%	\$ 947,100	\$ 947,100
General Obligation Promissory Notes, Series 2003	08/19/03	03/01/06	1.89%	332,000	332,000
General Obligation Corporate Purpose Bonds, Series 2003A	06/15/03	10/01/18	2.00 – 3.625%	293,549	293,549
General Obligation Corporate Purpose Bonds, Series 2002A	05/15/02	10/01/17	3.00 – 4.70%	172,250	172,250
General Obligation Corporate Purpose Bonds, Series 2001A	06/01/01	10/01/16	4.00 – 4.85%	443,725	443,725
General Obligation Corporate Purpose Bonds, Series 2000A	11/15/00	10/01/15	4.40 – 5.25%	1,482,475	<u>1,482,475</u>
Total Business-Type Activities – General Obligation Debt					<u>\$ 3,671,099</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>			<u>Business-Type Activities General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,180,713	\$ 625,896	\$ 1,806,609	\$ -	\$ 152,320	\$ 152,320
2006	1,375,713	571,274	1,946,987	332,000	144,405	476,405
2007	1,495,713	514,212	2,009,925	947,100	127,802	1,074,902
2008	1,550,713	451,070	2,001,783	-	114,353	114,353
2009	1,485,713	385,053	1,870,766	-	114,353	114,353
2010-2014	5,936,076	1,000,822	6,936,898	1,579,676	441,780	2,021,456
2015-2019	<u>1,467,677</u>	<u>119,182</u>	<u>1,586,859</u>	<u>812,323</u>	<u>60,180</u>	<u>872,503</u>
Totals	<u>\$14,492,318</u>	<u>\$3,667,509</u>	<u>\$18,159,827</u>	<u>\$3,671,099</u>	<u>\$1,155,193</u>	<u>\$4,826,292</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt

Revenue bonds for the water and sewer utilities are payable only from revenues derived from the operation of the water utility or sewer utility. Revenue bonds for the Weston Community Development Authority are payable from revenues derived from tax increment payments received from TIF District #1 and TIF District #2.

Revenue debt payable at December 31, 2004 consists of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-04</u>
GOVERNMENTAL ACTIVITIES					
Revenue Debt					
Community Development Authority					
Lease Revenue Bonds, Series 2004B	08/09/04	10/01/25	3.00 – 4.75%	\$1,815,000	\$1,815,000
Community Development Authority					
Lease Revenue Bonds, Series 2004A	08/09/04	10/01/21	3.00 – 5.25%	14,315,000	14,315,000
Community Development Authority					
Lease Revenue Bonds, Series 2003B	05/22/03	10/01/09	3.25 – 4.50%	1,145,000	1,145,000
Community Development Authority					
Lease Revenue Bonds, Series 2003A	05/22/03	10/01/19	3.20 – 4.45%	6,440,000	6,440,000
Community Development Authority					
Lease Revenue Bonds, Series 2002	12/20/02	10/01/18	1.40 – 4.75%	8,065,000	7,885,000
Water System Revenue Bonds,					
Series 2001C	06/01/01	03/01/21	3.70 – 5.20%	679,000	665,000
Sanitary Sewerage System					
Revenue Bonds, Series 2001B	06/01/01	03/01/21	3.70 – 5.20%	475,000	460,000
Water System Revenue Bonds,					
Series 2000C	11/15/00	03/01/21	5.10 – 5.90%	204,000	194,000
Sanitary Sewerage System					
Revenue Bonds, Series 2000B	11/15/00	03/01/21	5.00 – 5.65%	200,000	<u>190,000</u>
Total Governmental Activities – Revenue Debt					<u>\$33,109,000</u>
BUSINESS-TYPE ACTIVITIES					
Revenue Debt					
Water System Revenue Bonds,					
Series 2001C	06/01/01	03/01/21	3.70 – 5.20%	\$ 566,000	\$ 440,000
Sanitary Sewerage System					
Revenue Bonds, Series 2001B	06/01/01	03/01/21	3.70 – 5.20%	765,000	640,000
Water System Revenue Bonds,					
Series 2000C	11/15/00	03/01/21	5.10 – 5.90%	1,626,000	1,496,000
Sanitary Sewerage System					
Revenue Bonds, Series 2000B	11/15/00	03/01/21	5.00 – 5.65%	3,180,000	2,930,000
Sanitary Sewerage System					
Revenue Bonds, Series 1998E	11/01/98	03/01/18	4.00 – 4.35%	2,320,000	1,890,000
Water Revenue & Refunding					
Revenue Bonds, Series 1997C	12/01/97	03/01/08	4.00 – 4.85%	3,255,000	<u>915,000</u>
Total Business-Type Activities – Revenue Debt					<u>\$ 8,311,000</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Governmental Activities Revenue Debt			Business-Type Activities Revenue Debt		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 105,000	\$ 1,538,412	\$ 1,643,412	\$ 665,000	\$ 400,562	\$ 1,065,562
2006	390,000	1,430,730	1,820,730	685,000	369,397	1,054,397
2007	410,000	1,417,565	1,827,565	435,000	343,391	778,391
2008	535,000	1,401,811	1,936,811	440,000	322,940	762,940
2009	1,060,000	1,380,062	2,440,062	335,000	304,793	639,793
2010-2014	8,825,000	6,123,736	14,948,736	1,865,000	1,268,235	3,133,235
2015-2019	15,924,000	3,609,655	19,533,655	2,691,000	707,749	3,398,749
2020-2024	5,710,000	521,878	6,231,878	1,195,000	67,491	1,262,491
2025-2029	<u>150,000</u>	<u>7,125</u>	<u>157,125</u>	-	-	-
Totals	<u>\$33,109,000</u>	<u>\$17,430,974</u>	<u>\$50,539,974</u>	<u>\$8,311,000</u>	<u>\$3,784,558</u>	<u>\$12,095,558</u>

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the Village's system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The Village's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

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

Prior Year Defeasance of Debt

In December 2002, the Community Development Authority (CDA), on the behalf of the Village of Weston, issued \$8,065,000 CDA Lease Revenue Bonds in order to partially defease certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village's financial statements. At December 31, 2004, \$5,750,000 of bonds outstanding are considered defeased. The bonds that have been defeased and the callable dates on those bond issues are as follows:

<u>General Obligation Bonds</u>	<u>Amount Defeased</u>	<u>Callable Dates</u>
Community development bonds, Series 1998D	\$3,395,000	November 1, 2008
Corporate purpose bonds, Series 2000A	200,000	October 1, 2009
Corporate purpose bonds, Series 2001A	1,950,000	October 1, 2011
Corporate purpose bonds, Series 2002A	<u>205,000</u>	October 1, 2012
Total Defeased Debt	<u>\$5,750,000</u>	

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2004 includes the following:

Governmental Activities

Invested in capital assets, net of related debt		
Land	\$	3,240,700
Right-of-ways		58,013
Construction in progress		3,139,999
Other capital assets, net of accumulated depreciation		52,204,165
Less: related long-term debt outstanding, discount, and issuance costs	(37,382,816)	
Add: unspent debt proceeds	<u>8,375,219</u>	<u>(29,007,597)</u>
Total Invested in Capital Assets		<u>29,635,280</u>
Restricted		
Block grant/revolving loans		673,925
Community Development Authority – TIF District #1 (debt service reserve)		4,067,031
Community Development Authority – TIF District #2 (debt service reserve)		365,569
General debt service		93,016
TIF District #1 – capital projects fund (debt service reserve)		<u>93,000</u>
Total Restricted		<u>5,292,541</u>
Unrestricted (deficit)		<u>(8,567,740)</u>
Total Governmental Activities Net Assets		<u>\$26,360,081</u>

Governmental fund balances reported on the fund financial statements at December 31, 2004 include the following:

Reserved

Major Funds

General Fund		
Prepaid items	\$	37,040
Noncurrent receivables/advances		<u>133,375</u>
Total		<u>\$ 170,415</u>
Debt Service Fund		
Reserved for debt service		<u>\$ 724,400</u>
Capital Projects – TIF District #1		
Encumbrances		\$4,640,108
Reserved for debt service		<u>93,000</u>
Total		<u>\$4,733,108</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Unreserved (designated)

Major Funds

General Fund

Surplus applied to the 2005 budget	\$ 133,820
Landfill closure costs	137,238
Fire department - Act 102 EMS grant program/miscellaneous donations	13,498
Total	<u>\$ 284,556</u>

Capital Projects – TIF District #1	<u>\$ 20,805</u>
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Unreserved

Major Fund

General Fund	<u>\$1,727,810</u>
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Non-Major Funds – details of Fund Balance	<u>Reserved</u>	<u>Designated</u>	<u>Undesignated (Deficit)</u>
Special Revenue Funds			
Block grant/revolving loan	\$ 475,243	\$ 198,682	\$ -
TIF District #1	-	-	(693,995)
TIF District #2	-	-	(7,578)
Environmental TIF District	-	-	(4,101)
Business grants	-	-	(39,378)
Community Development Authority-TIF District #1	4,067,031	-	-
Community Development Authority-TIF District #2	365,569	-	-
Aquatic center	-	23,804	-
Room taxes	-	2,669	-
Civic and social	-	4,672	-
Park and recreation	-	72,975	-
Sub-Total – Special Revenue Funds	<u>4,907,843</u>	<u>302,802</u>	<u>(745,052)</u>
Capital Projects Funds			
Street projects	54,282	559,073	-
Capital equipment	-	40,305	-
TIF District #2	-	1,032,208	-
Environmental TIF District	-	-	(86,419)
Sub-Total – Capital Projects Funds	<u>54,282</u>	<u>1,631,586</u>	<u>(86,419)</u>
Totals	<u>\$4,962,125</u>	<u>\$1,934,388</u>	<u>\$ (831,471)</u>
Reserved for:			
Encumbrances	\$ 54,282		
Noncurrent receivables/advances	475,243		
Debt service	<u>4,432,600</u>		
Total	<u>\$4,962,125</u>		

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. BUSINESS-TYPE ACTIVITIES/NET ASSETS

The following calculation supports the enterprise fund net assets invested in capital assets, net of related debt:

	Water Utility	Sewer Utility	Stormwater Utility	Total
Plant in Service	\$19,994,223	\$25,999,332	\$ 9,380,213	\$55,373,768
Accumulated Depreciation	(2,791,225)	(4,886,565)	(2,072,142)	(9,749,932)
Construction in Progress	<u>1,130,727</u>	<u>248,202</u>	<u>788,078</u>	<u>2,167,007</u>
Sub-Total	<u>18,333,725</u>	<u>21,360,969</u>	<u>8,096,149</u>	<u>47,790,843</u>
Less: Capital Related Debt				
Current portion of capital related long-term debt	430,000	235,000	-	665,000
Long-term portion of capital related long-term debt	3,067,300	5,545,400	2,704,399	11,317,099
Unamortized bond issuance costs	(46,464)	(48,078)	-	(94,542)
Unamortized discounts on bonds	<u>(48,443)</u>	<u>(62,516)</u>	<u>-</u>	<u>(110,959)</u>
Sub-Total	<u>3,402,393</u>	<u>5,669,806</u>	<u>2,704,399</u>	<u>11,776,598</u>
Add: Unspent Debt Proceeds				
Reserve from borrowing	<u>436,140</u>	<u>2,146,454</u>	<u>-</u>	<u>2,582,594</u>
Total Net Assets Invested in Capital Assets, Net of Related Debt	<u>\$15,367,472</u>	<u>\$17,837,617</u>	<u>\$ 5,391,750</u>	<u>\$38,596,839</u>

Beginning total net assets in the stormwater utility have been restated due to the implementation of GASB Statement No. 34 and had the following effect on fund equity of the stormwater utility as it was previously reported. In addition, the Village Board approved the formal creation of the new stormwater utility and current stormwater user fee rate structure on March 15, 2004. Therefore, the capital assets and long-term obligations of the stormwater utility were not allocated to this new utility until 2004 for financial reporting purposes.

Stormwater Utility	
Retained Earnings (Deficit) – December 31, 2003 (as reported)	(\$ 4,173)
Plus: Capital assets	5,386,282
Less: Long-term obligations	<u>(2,391,998)</u>
Net Assets – January 1, 2004 (as restated)	<u>\$ 2,990,111</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible Village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.6% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Village employees covered by the system for the year ended December 31, 2004, was \$1,740,582; the employer's total payroll was \$1,960,434. The total required contribution for the year ended December 31, 2004, was \$181,757 or 10.4% of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2003 and 2002, were \$162,922 and \$142,022, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) 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.

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

As of December 31, 2003, pension-related debt for the Village was \$134,694. In January 2004, the Village paid this liability in full to the Wisconsin Retirement System. Therefore, the pension-related debt for the Village as of December 31, 2004, was \$-0-.

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The Village purchases commercial insurance to provide coverage for losses from theft of, and damage to, or destruction of assets, and also for torts, errors and omissions, workers compensation, general liability coverage, and health. Settled claims have not exceeded commercial coverage in any of the three preceding years. There were no significant reductions in coverage compared to the prior year. Other risks, such as dental coverage of its employees are accounted for and financed by the Village in an internal service fund – the fringe benefits fund. The Village's self-insured dental insurance program began in November 2002. See Table 23 (page 107) in the Statistical Section for the Schedule of Insurance in Force during 2004.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Village management believes such disallowances, if any, would be immaterial.

During 2004 and previous years, the Village borrowed funds for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the Capital Projects Funds and Enterprise Funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures (in the capital projects funds). The balance of contract amounts plus open purchase orders is included in reserve for encumbrances.

In 2004, the sewer utility paid \$47,106 to the Rib Mountain Metropolitan Sewerage District for debt service charges (principal and interest) based upon usage. The balance of the debt obligation held by the Rib Mountain Metropolitan Sewerage District was \$1,605,397 at December 31, 2004, and the Village's applicable share of this debt was \$724,195.

Funding for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

D. LITIGATION

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

E. LANDFILL

The Town of Weston, now Village of Weston Landfill, was closed in 1986. State and federal laws and regulations require that the Village of Weston perform certain maintenance and monitoring functions at the landfill site.

During 1993, the State of Wisconsin Department of Natural Resources issued a conditional approval modifying the landfill closure plan. In 1994, the Town began work on the modified closure, which involves the installation of a composite cap over the landfill with an active gas extraction system within the landfill. The new cover and extraction system were completed in 1995. However, it is anticipated that the Town/Village will be faced with additional clean-up and long-term monitoring costs in the future due to changes in technology and changes in laws and regulations. The future costs of these possible changes are unknown at the present time. Yearly monitoring costs are estimated to be \$51,000.

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

F. JOINT VENTURES

Everest Metro Police Department

The Everest Metro Police Department (EMPD) began on October 4, 1993, as a joint venture between the Village of Weston, Town of Weston, and City of Schofield. Each municipality pays a proportionate share of the costs for police services. The current proration of costs is for the Village of Weston to pay 72.52%, the City of Schofield to pay 22.91%, and the Town of Weston to pay 4.57% of the EMPD budget. The department is overseen by a seven-member finance committee made up of three Village of Weston officials, three City of Schofield officials, and one Town of Weston official. The finance committee approves a budget and controls all financial aspects of the department. A separate six member administrative committee is appointed to control management and policy of the department.

The Village contributed \$1,547,171 in 2004 for the operations of the EMPD. The Village accounts for its costs of the operation in the general fund and has an equity interest in the organization equal to its percentage share of participation.

The EMPD issues separate financial statements available at the Village municipal center offices. A copy of the annual financial statements may be obtained by writing to the Village of Weston, 5500 Schofield Avenue, Weston, WI 54476.

Summarized general fund information for EMPD’s year ending December 31, 2004, which are the most recently audited financial statements, is as follows:

Assets	
Current assets	\$ 299,331
Capital assets, net of depreciation	211,101
Total assets	<u>\$ 510,432</u>
Liabilities	
Current liabilities	\$ 197,641
Noncurrent portion of long-term obligations	56,860
Total liabilities	<u>\$ 254,501</u>
Net Assets	
Invested in capital assets, net of related debt	\$ 211,101
Unrestricted	44,830
Total net assets	<u>\$ 255,931</u>
Revenue	
Received from Village of Weston	\$1,547,171
Received from City of Schofield	490,983
Received from Town of Weston	93,462
Other revenue	176,019
Total revenue	<u>2,307,635</u>
Expenditures	
	<u>2,279,155</u>
Net change in fund balance	<u>\$ 28,480</u>

VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE V – OTHER INFORMATION (cont.)

G. SUBSEQUENT EVENTS

Subsequent to year-end, the Village authorized the borrowing of the following debt issues: \$960,000 General Obligation Promissory Notes, Series 2005 for the purpose of financing capital improvement projects; \$7,905,000 Community Development Authority Lease Revenue Bonds, Series 2005A for the purpose of financing capital projects for TIF District #1; \$1,415,000 Community Development Authority Taxable Lease Revenue Bonds, Series 2005B for the purpose of purchasing additional land adjacent to the Weston Business Technology Park for TIF District #1; \$920,000 Community Development Authority Lease Revenue Bonds, Series 2005C for the purpose of financing capital projects for TIF District #2; and \$211,200 General Obligation Promissory Notes, Series 2005 for purchasing capital equipment on behalf of the Everest Metro Police Department.

The Weston Community Development Authority and Village Board of Trustees had approved an amendment to expand the boundary of TIF District #2 (Schofield Avenue Business Corridor) on December 13, 2004, and January 4, 2005, respectively. The Joint Review Board had made the final adoption of this boundary amendment of TIF District #2 on January 20, 2005.

H. CREATION OF COMMUNITY DEVELOPMENT AUTHORITY AND LEASE COMMITMENTS

During 2002, the Community Development Authority of the Village of Weston was formed for the purpose of providing public benefits, including the elimination of blight, clearance of undesirable conditions, and the creation of urban renewal and community development programs. The Community Development Authority borrowed \$8,065,000 in 2002, \$7,585,000 in 2003, and \$16,130,000 in 2004 to purchase land from the Village. The Village is in turn leasing the same land from the Community Development Authority with rental payments being equal to the annual amount of principal and interest due on the borrowing. It is anticipated that over the life of the revenue bonds, the tax increments generated from Tax Incremental Financing (TIF) District #1 and District #2 will be used to repay the revenue bonds and reduce future rental payments due from the Village. The lease expires in 2021 for TIF District #1 and in 2025 for TIF District #2. The future minimum lease payments under this lease are as follows:

<u>Years</u>	<u>TIF #1 District</u>	<u>TIF #2 District</u>	<u>Grand Total</u>
2005	\$1,431,868	\$ 88,740	\$ 1,520,608
2006	1,612,827	77,540	1,690,367
2007	1,612,553	77,540	1,690,093
2008	1,705,452	77,540	1,782,992
2009	2,118,213	157,540	2,275,753
2010 and thereafter	<u>37,007,305</u>	<u>2,487,218</u>	<u>39,494,523</u>
Total	<u>\$45,488,218</u>	<u>\$2,966,118</u>	<u>\$48,454,336</u>

The rental expense for the year ended December 31, 2004, was \$805,303 for TIF District #1 and \$-0- for TIF District #2.