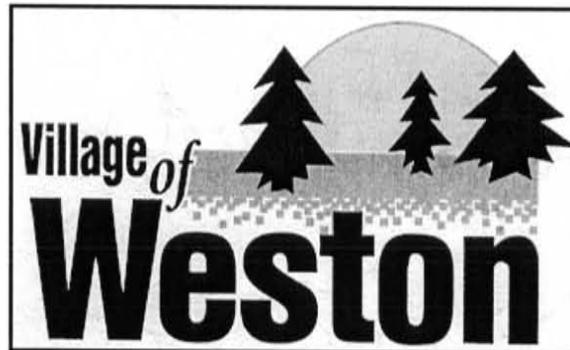


**2004
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**VILLAGE OF WESTON,
WISCONSIN**



FOR THE YEAR ENDED DECEMBER 31, 2004

Prepared By:

FINANCE DEPARTMENT
John Jacobs, CGFO/CPFO, Finance Director

VILLAGE OF WESTON

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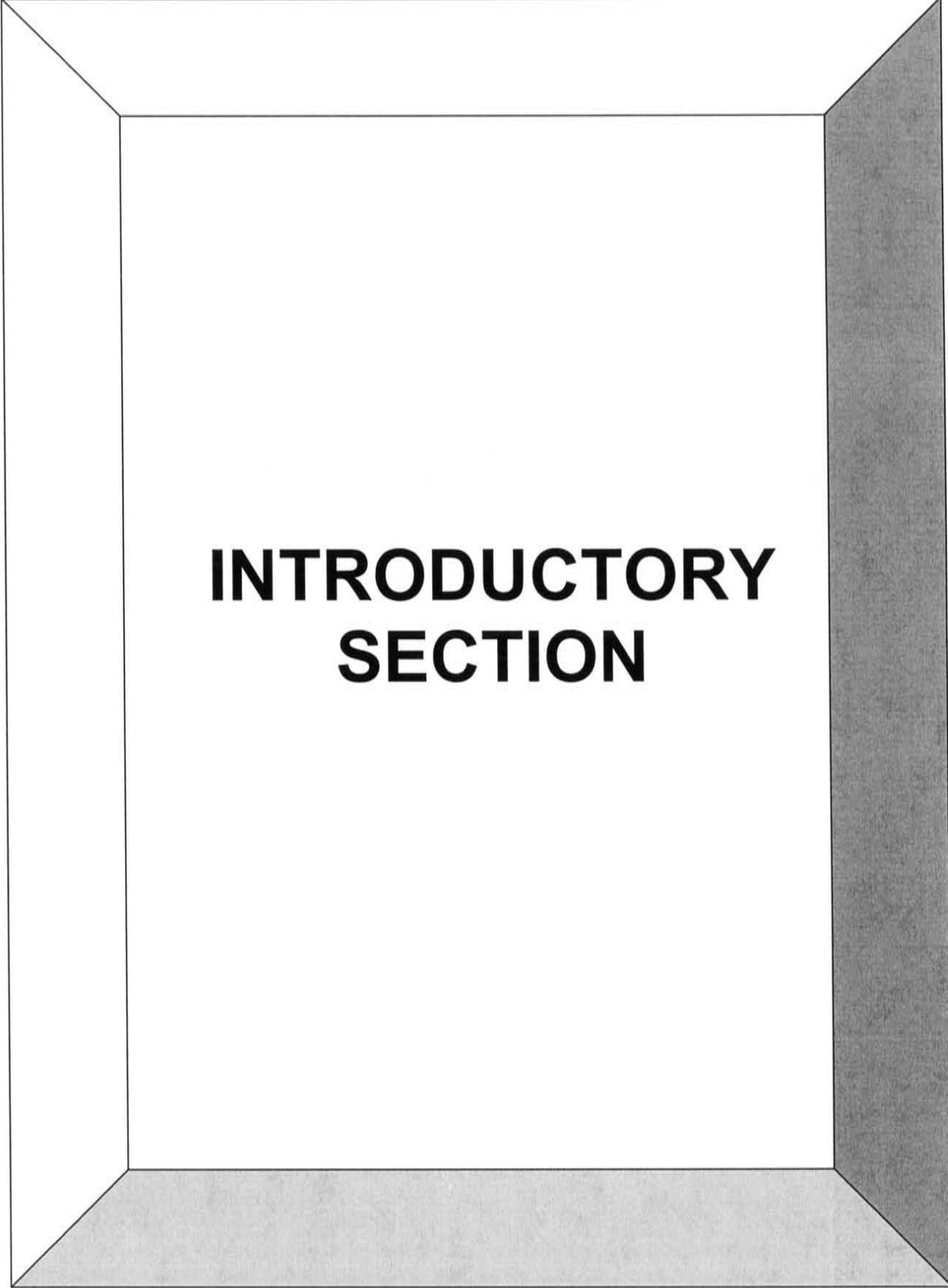
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**INTRODUCTORY
SECTION**



August 31, 2005

Dear President Machmueller, Village Board Members, and Administrator Zuleger:

The Comprehensive Annual Financial Report (CAFR) of the Village of Weston for the fiscal year ended December 31, 2004, is hereby submitted. This report was prepared by the Village's Finance Department and is the fifth time that this type of annual report has been compiled for the Village, including both financial statements and statistical data. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. To the best of my knowledge and belief, the data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of the Village. All disclosures necessary to enable the reader to gain an understanding of the Village's financial activities have been included.

In 1999, the Governmental Accounting Standards Board (GASB) adopted Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. The Village of Weston began to implement all aspects of GASB No. 34 for the financial statements ending December 31, 2004.

The report consists of three parts. The **Introductory Section** includes an organizational chart; a listing of principal Village Officials; this transmittal letter discussing highlights of the Village's economy and continuing economic development commitment, significant aspects of financial operations, and particular fiscal issues addressed by the Village during the year; and the Village's first Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting. The **Financial Section** includes the independent auditor's report, basic financial statements, related notes, and combining and individual fund statements and schedules. The Financial Section also includes Management's Discussion and Analysis ("MD&A") as required by GASB No. 34. The MD&A is designed to provide an objective and easily readable analysis of the Village's financial activities based on *currently known facts*, decisions or conditions. The **Statistical Section** includes a number of data tables depicting the financial history of the Village for the past nine years since incorporation in 1996, debt information on overlapping governmental units, Securities and Exchange Commission ("SEC") continuing disclosure information, and demographic and other miscellaneous statistics. The **Single Audit Section** has been omitted from the report. In 1997, Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations was issued. This revised circular established new standards and requirements for auditing federal grant recipients. For 2004, the Village did not meet recipient grant level single audit benchmarks.

The CAFR includes all funds required to account for the full range of activities, functions and services provided by the Village and organizations controlled by the Village's governing body, the Village Board. Services provided include police and fire protection; sanitation and recycling services; construction and maintenance of highways, streets,

Weston Municipal Center

5500 Schofield Avenue ■ Weston, Wisconsin 54476-4395 ■ Phone: (715) 359-6114 ■ Fax: (715) 359-6117

wastewater and stormwater transportation systems, and other infrastructure facilities; recreational activities; and long range planning and community development services. Also included are activities of the Weston Community Development Authority over which the Village Board exercises, or has the ability to exercise, direct administrative authority and/or responsibility. The Weston Water, Sewer, and Stormwater Utilities are reported as enterprise funds of the primary government. The Everest Metro Police Department, a joint venture between the City of Schofield, Village of Weston, and Town of Weston, is discussed in Note V(F). The D.C. Everest School District and the Rib Mountain Metro Sewerage Commission do not meet these criteria for inclusion as part of the Village as a reporting entity and accordingly are excluded from this report. Separate audited statements are available from each of these respective agencies.

OVERVIEW OF THE VILLAGE

The Village of Weston (the "Village") is located in north central Wisconsin in Marathon County. Directly adjacent to the Wausau metropolitan area, it lies about 3 miles south of the City of Wausau, about 180 miles east of the Minneapolis/St. Paul ("Twin Cities") metro area and about 85 miles west of the Green Bay metro area. The Village comprises approximately 76% of the total land area and 90% of the equalized value of the Town of Weston prior to incorporation of the Village in February 1996. The area of the Village is approximately 21.62 square miles (13,833 acres). Its current population is 13,003 based on the 2004 estimate from the Wisconsin Department of Administration. The 2000 United States Official Census population was reported as 12,079 for the Village.

The Cities of Wausau and Schofield, Villages of Weston, Rothschild and Kronenwetter, Town of Rib Mountain, and the remainder of Marathon County comprise an area known as the Wausau metropolitan statistical area (MSA). This metropolitan area, which has an estimated 2004 population of almost 130,000 people, is Wisconsin's tenth largest socio-economic market and one of its faster growing metropolitan areas. The Wausau MSA added over 10,400 people (a 9.04% increase) between 1990 and 2000. This percentage increase nearly matches the statewide average increase of 9.65% between the 1990 and 2000 census dates. This fast growth rate in Marathon County was the result of more people moving into the county than moving out of the county. This pattern reflects a large, positive net migration. In addition, Marathon County's population increased by having more births than deaths. This component of population is called natural gain. A stable industrial picture and a generally good economy have contributed more than anything else to the population growth of this area.

Since the 2000 census, the Wausau MSA population grew from 125,834 in 2000 to 129,962 in 2004 (a 3.28% increase). During the same period, the Village of Weston population grew from 12,079 in 2000 to 13,003 in 2004 (a 7.65% increase, which was more than twice the Wausau MSA/Marathon County's percentage of growth). This trend is expected to widen even further for the Village of Weston in the future as the economic development and housing market boom accelerate during the rest of the 2000-2010 decade.

2004 estimates from the Wisconsin Department of Administration rank all communities for population growth. Out of the 86 largest Wisconsin communities with populations over 10,000 people, the Village of Weston is the 12th fastest growing community since the 2000 census. Village officials believe that this trend will continue to accelerate during the remainder of the decade, and future population changes could position the Village in the top ten, or even top five fastest growing communities in Wisconsin before 2010.

Employment in the Wausau metro area grew steadily throughout 2004 while unemployment rates remained low and well below statewide levels. In 2004, the area unemployment (unadjusted) rate at December 31 stood at 3.7% (slightly lower than the 2003 rate of 3.9%), which was well below the State of Wisconsin average of 4.3% in 2004 (compared to 4.9% in 2003). The local economy of the Village and the Wausau metropolitan area is based on a mixture of agriculture, pulp and paper product manufacturing, insurance, woodworking and metalworking, and commercial/retail. The Village's proximity to the Wausau metropolitan area provides employment opportunities for local residents. The developing Weston Business & Technology Park on the Village's eastern side, which opened in the fall of 2000, will provide additional employment opportunities and accelerating property valuation during 2000-2009.

In addition, the Village was very excited about the July 2002 announcement of construction of a \$100 million, 104-bed hospital complex to be located in the Putnam Capital Management Development by the fall of 2005, which is projected to create an estimated 1,000 hospital jobs and 440 non-hospital jobs within the next year. The Village Board approved the rezoning request and conditional use grant for St. Clare's Hospital of Weston on August 5, 2002. Hospital officials broke ground on the new complex in late fall of 2002.

ECONOMIC CONDITION AND OUTLOOK

Another strong construction season in 2004 brought in a total of new building permits for \$43.1 million of new construction, the second highest new construction valuation on record for the Village. The 395 building permits taken out in 2004 was the highest ever for the Village, ahead of the record 358 permits in 2002. Since the Village incorporated in 1996, building permits for 1,062 new single-family homes have been issued. Of this number, 134 new single-family home building permits were issued in 2004 and totaled \$20.5 million in new construction valuation. The Village has an ample supply of lots available to all residents at any income level. During the 1990s, the Village had major residential growth development in as many as 13 subdivisions throughout the Village. At the present time, there are as many as 11 new developments in progress with an available 655 single-family lots and 22 duplex lots.

With the 2002-2005 construction of the new St. Clare's Hospital of Weston, it has been estimated that the new home construction in nearby neighborhoods of the hospital could increase by a staggering \$86 million within the next five years, according to a 1999 Study on Health Care Construction Economic Impact. This estimated significant increase in property valuation from the residential classification sector, which would lie

outside the existing Tax Increment Financing District, would assist the Village to maintain its presently low property tax rate in comparison to other Wausau metro area communities.

In fact, out of the 83 largest Wisconsin Communities with populations over 10,000 people in 2003, the June 2004 publication of *The Wisconsin Taxpayer* ranked the Village of Weston as the community with the 13th lowest equalized municipal tax rate at \$5.07 per \$1,000 of equalized valuation (for 2003). This is an amazing feat for the Village of Weston to accomplish because the twelve communities with even lower equalized municipal tax rates than the Village of Weston have significantly larger property valuation bases to draw off of in computing their local municipal tax rates, ranging from twice to as much as six times as large in property valuation as the Village of Weston.

With the Village's property tax rate ranking the second lowest in the entire Wausau metro area and with the excellent academic course offerings and athletic opportunities available in the D.C. Everest School District located in the Village of Weston, it is very apparent that the Village has been attracting many families to the Village of Weston in the past. In addition, the arrival of the new Weston hospital would solidify that low property tax rate ranking into the future and may accelerate the resident movement of the metro area population to the southern region. The Everest Metro Police Department and the Village of Weston encourage the theme of a "high quality of living to the community at an affordable price."

According to *Sales & Marketing Management, "2004 Survey of Buying Power"*, resident wealth levels exceeded state and national averages in 2003 with a median household Effective Buying Income (EBI) of \$39,024, at 102% of both state and national levels. In addition, the Wisconsin adjusted gross income (WAGI) per tax return for the Village of Weston was \$47,864 in 2004, which was 112% of the Marathon County level (\$42,641) and was 110% of the state level (\$43,512).

The South Area Business Association (for the Wausau metro area) presented an award for the "Business of the Year for 2001" to the Village of Weston, citing examples of efficiency in operations, financial assistance to other local businesses in the Village's Revolving Loan Fund Program, and total quality management (TQM) principles being incorporated into the workplace environment, which is rare for a government entity to utilize. This award is the first time that a government entity was recognized as a "Business" of the Year for the Wausau metro area. In addition, the *Milwaukee Journal Sentinel* reported that this was the first time that they had ever heard of a government entity receiving an award for this prestigious honor.

In 2003, the Village was recognized by the Wisconsin Economic Development Association for its economic development innovation and leadership. In 2004, Weston was awarded a "Best Managed Small Cities of America" award from the "Champions of Industry" public relations campaign.

General Economic Development

Commercial development is expected to accelerate due to the decision by Ministry Health Care of Milwaukee, WI, to locate a \$100-million hospital at the intersection of Marathon County Highway X (Camp Phillips Road) and State Highway 29 – a four-lane expressway that extends between Green Bay, WI, and the Twin Cities. The Village has five primary economic development sectors that include two tax incremental financing (TIF) districts, two non-TIF retail and commercial areas, and an established non-TIF manufacturing and warehousing district that is home to two of Weston's most prominent businesses.

As a whole, the Village of Weston has become the light manufacturing focal point of Marathon County and the recognized leader in entrepreneurship in the Wausau area. From 1999 to 2005, five Weston manufacturers have been awarded the Wausau/Marathon County Area Chamber of Commerce's "Small Business of the Year Award". Further, all of these businesses are graduates of the Village's revolving loan program designed to provide supplemental financing to promising small businesses. Currently, the Village of Weston has over \$475,000 of working capital on loan to seven businesses through the McDevco Revolving Loan Fund.

Tax Incremental Financing District #1:

(Weston Business Technology Park)

The Weston Business Technology Park (the "Park") is a 269-acre commercial development owned by the municipality along the Village's southeastern boundary. The 269 acres include an additional 67 acres, contiguous to the current Park that will be acquired in the spring of 2005. The Park fronts State Highway 29, a four-lane thoroughfare, and is approximately at mid-point between Green Bay, Wisconsin, and the Minneapolis-St. Paul metropolitan area. The Park is also located four miles from U.S. Interstate 39, the main four-lane thoroughfare between Madison and the northwoods of Wisconsin. The Park, which opened in 2001, has a campus-like design and will be equipped with both T1/HDSL communication and 480-V three-phase power. The Village has developed restrictive deeds and covenants that will ensure that the construction costs will average a minimum of \$35-\$37 per square foot. The Village has provided minor site preparation, landscaping, and utility grants to new businesses based on construction value and job creation. Grants are awarded only after a pro forma review of a business's finances and a commitment of financing from a financial institution. The Village of Weston has received an endorsement from the Fantus Division of Deloitte Touche, Chicago, IL for its approach to offering incentive grants to businesses.

The Village currently has a total of twenty-six businesses committed to the Park. Twenty-two buildings have been constructed to date, representing 900,500 square feet at a construction value of \$38,205,760 on 123 acres. In 2005, four additional buildings will be built representing an additional 210,000 square feet with a construction value of \$7,770,000 on 38 acres. Four existing companies will expand their facilities by a total of 133,500 square feet representing a construction value of \$4,939,500. The Standard

Industrial Classification Systems profile (SIC) of the businesses located in the Park include (3) heavy CHC manufacturing, (17) light CNC manufacturing, (1) food wholesaler, (4) business services, and (1) construction. The remaining 25 acres will remain public right-of-way and provide sufficient green space within the Park.

Between 2002-2007, the businesses located in the Park are expected to generate 1,100 jobs (449 newly created) with an average wage of \$14-\$22 per hour. In the spring of 2001, the Village received a \$606,500 Transportation Economic Assistance (TEA) Grant from the State of Wisconsin for the creation of jobs in the Village of Weston. The grant paid for approximately 50% of the cost of the Park's street construction. In addition, the Village also was granted a \$400,000 interest-free loan from the State of Wisconsin in 2002 for construction of a 900,000-gallon water tower during 2004. It is expected that the Park will be completely built out in 2009, which is year ten of the tax incremental financing schedule.

(Weston Business Campus and Medical Complex)

The Weston Business Campus (the "Campus") is comprised of over 260 acres of privately owned, prime commercial land at the intersection of State Highway 29 and County Highway X (Camp Phillips Road). The Campus has been designed with strict deed restrictions and covenants to insure high-value, Class "A" construction. The Campus currently includes financial institutions, a large convenience store, and a retail auto center with total construction costs exceeding \$2.5 million. The Putnam Capital Management/Ministry Health Care development, located in the southwest quadrant of the Campus, will be home to a \$104 million hospital and \$43 million in medical clinics and office buildings that are scheduled to open in the fall of 2005. An \$11 million hotel complex is scheduled to open in conjunction with the hospital in 2005. In addition, there is expected to be an additional \$50 million in ancillary development around the medical complex by 2011. In total, the Putnam Capital Management development is scheduled to generate over \$900,000 in tax increment by 2006.

(Other TIF District #1 Development Areas)

Shadow Ridge Development is located in the northwest quadrant of the State Highway 29 and County Highway X interchange and is home to a new \$8 million medical complex complete with a wellness clinic and a state-of-the-art educational center. It is expected that this development will also consist of an 80-unit senior assisted living facility and a galleria-like retail plaza. Barbican Center is located in the northeast quadrant of the Highway 29 and County Highway X intersection and will be home to a high value commercial office and hospitality buildings. An office complex including a restaurant, a financial institution, and a \$4 million medium market priced hotel are scheduled to be built in the summer of 2005. Valdres Springs Development is also located in the northeast quadrant of the Highway 29 and County Highway X intersection and will be home to a new \$6 million taxable assisted living center. The Westvest Development is 80 acres of commercial retail and professional medical space located adjacent to and lies south of the hospital on Weston Avenue.

Commerce Crossing is a 40-acre development, located in the southeast corner of the Village at the intersection of State Highway 29 and County Highway J, and will be home to a \$2 million travel convenience center, a \$4.5 million retail auto sales complex and a \$1 million industrial truck sales facility.

All new TIF infrastructure investment to improve private developments is secured with irrevocable letters of credit for the face value of the borrowing. The letters of credit are available to fund the Village's debt service payments if development increment is not created in a timely manner. The Village had six letters of credit in place for TIF District #1 infrastructure projects at the end of 2004 and will attain a few others during 2005-2006.

Tax Incremental Financing District #2

(Weston Village Square)

Weston's Tax Incremental Financing District #2 is a narrowly defined redevelopment project located on a half-mile stretch of thoroughfare (Schofield Avenue) that runs through the heart of the community. The TIF #2 original boundary was approved in June 2004 and the expanded boundary was approved in January 2005. The District is home to four big box retailers (Target, Ace Hardware, Roundy's Mega Pick-N-Save, and a 55,000 square foot retail mall) that serve the convenience shopping needs of the residents. In 2005, a \$3.5 million building for a financial institution and a \$5 million retail strip mall are expected to be constructed. The Village anticipates that a \$1 million facility for a financial institution will be built in front of Target in 2006. The purpose of the District is to redevelop a 1970's "grayfield" area into an aesthetically pleasing retail environment. The District has four blighted lots with a development value of \$6 million and two street front outlots with \$3 million in projected development value. The Village will not exceed \$2 million in borrowing for redevelopment with an emphasis on streetscape, lighting, pedestrian facilities, and landscaping. The planning stages of this new TIF District began in late 2003, with creation planned for 2004, and landscaping implementation in 2005.

Other Economic Development in the Village

(Schofield Avenue East and Business 51 Retail Areas)

Over \$6 million in new development has recently been built in this non-TIF retail sector of Weston. A new \$4 million hotel has opened to serve a large bowling/banquet center located two miles from the Village center. The Weston Lanes Bowling Center had expanded from 24 lanes to 48 lanes, which made the bowling establishment the largest in northern Wisconsin and allows Weston to host future State Bowling Tournaments for men, women, and youth. In addition, a new funeral home (valued at \$1 million) and a dental office (valued at \$900,000) have completed construction. Two small manufacturing buildings valued at \$330,000 opened their doors in the summer of 2004. U.S. Highway Business 51 will undergo a facelift in 2007 to improve the Village's oldest retail sector. Businesses such as Pizza Hut, Burger King, IGA and Big Lots will be enhanced by a Wisconsin Department of Transportation beautification project that will

replace pavement, add sidewalks, and improve lighting. There are eleven lots that could be redeveloped along this corridor.

(Weston Manufacturing Park North)

The Weston manufacturing park on the Village's northside is a non-TIF manufacturing area and is home to three of the Village's most successful companies. Greenheck Fan, a world leader in ventilation, has located its distribution center in Weston. Crystal Finishing, a specialist in industrial coatings, will be adding 125,000 square feet and 150 jobs as a result of new contracts with Mercury Marine. Wausau Supply, a construction supply and interior door manufacturer, has over 300,000 square feet of space and is scheduled to expand at their home site on Bayberry Street and the Weston Business Technology Park.

Environmental Tax Incremental Financing District

The Village of Weston has also created a new Environmental Remediation Tax Increment District in August 2000, with the base year set at 2001. With the creation of new Wisconsin State Statutes in 2000, a new financing mechanism has now been provided to assist municipalities in cleanup efforts of brownfield areas. A two-parcel abandoned gas station site across from the Weston Municipal Center has been placed into this Environmental Remediation Tax Increment District. The Village has already cleaned up the site in 2000 and saw the construction of a \$250,000 car wash on the former gas station site during 2003. All new construction valuation from this site will generate property tax increment needed to reimburse the Village for the site cleanup costs. State statutes allow a maximum life of 16 years for this Environmental Tax Increment District. The Village of Weston is one of the first three communities in Wisconsin to proceed in the creation of this new type of tax increment financing district.

COMMUNITY SERVICES

The Village and surrounding area residents enjoy access to 7 Village public parks, totaling 132 acres. An additional 108 acres of parkland area will be developed over the period of 2005-2009 in two new developing areas of the Village.

In June 1999, the Village opened its new state-of-the-art aquatic center. The new center is entirely modern, with a gradually sloping bottom that starts at zero depth, a 300-foot flume slide, multiple water sprays, and a water chute. More than just a place to swim, the new "family-friendly" facility also includes a sandy play area for younger children, a water volleyball court, poolside deck chairs and a picnic area.

The Village of Weston plays a vital role in the recreational lives of Marathon County citizens. The Village is the trailhead for the 87-mile Mountain Bay Recreational Trail, which links the Wausau metro area with Green Bay. In 2002-2003, the Village (in conjunction with the Wisconsin Department of Natural Resources) had linked the Mountain Bay Trail with downtown Wausau through the creation of a 2.7-mile biking/hiking trail along the Eau Claire River. To date, the Village had received \$88,000

in grant funds from the State of Wisconsin-Department of Natural Resources in order to develop this prime recreational/nature trail for the metro area.

In 2001, the Village had become the home of a 12,000 square foot facility that houses the first-in-the-nation combined Boy-Girl Scouts training center. The Wausau Woodson YMCA constructed a multi-purpose annex in the Village in 2004 and opened in February 2005.

The D.C. Everest School District serves the Villages of Weston and Rothschild and the City of Schofield. The District operates ten schools with the largest elementary, junior high and senior high all located in the Village of Weston. The District had constructed a \$12 million middle school, directly adjacent to the Weston Business Technology Park, which opened in September 2002. The District also operates the Greenheck Fieldhouse – a state-of-the-art athletic facility. In 2000-2001, the Greenheck Fieldhouse hosted an international wrestling meet and the North American Short Track Speedskating Championships.

The University of Wisconsin operates a two-year extension campus in the City of Wausau, approximately 10 miles from the Village. The campus offers a complete liberal arts and pre-professional curriculum for freshmen and sophomores. In addition, the University recently began several offerings in four-year programs. Many students transfer to campuses in Madison, Milwaukee, or Stevens Point to complete their undergraduate education.

The Northcentral Technical College (NTC) is also located in the City of Wausau. The College offers two-year associate degrees in 24 different fields, 11 technical diplomas, 11 apprenticeship programs, and 25 certification programs. Special programs offered at NTC include a laser technology course, one of only three such programs in the country, and a technical training course for the hearing and visually impaired.

The Marathon County Health Care Center, located in the City of Wausau, is a partner to a tri-county health facility called North Central Health Care Facilities. Marathon County Health Care Center is a comprehensive mental health facility, offering service in the areas of mental health, alcoholism and drug abuse, and developmental disabilities.

The Wausau Hospital, a 220-bed general acute care facility, has as its primary service area all of Marathon County, which accounts for 85-90% of the patient load. The hospital employs a total staff of about 1,800. A wide range of specialties are available at the hospital and include cardiology, cardiovascular/thoracic surgery, emergency service, family practice, internal medicine, neurosurgery, oncology/hematology, pathology, psychiatry, radiology, and urology.

The Marshfield Clinic, located in Marshfield, Wisconsin, has a satellite clinic located in the Village of Weston. The clinic provides services in family practice, pediatrics, orthopedics, full-service lab, and x-ray.

FINANCIAL INFORMATION

Village management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Village are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As a recipient of federal, state and county financial assistance, the Village also is responsible for assuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations. This internal control structure is subject to periodic evaluation by management, its independent auditors and audit staffs of the state and federal governments. The results of tests and examinations for the fiscal year ended December 31, 2004, recognized that the Village had implemented additional segregation of duties, and an additional staff position had been added to the Finance Department in 2004 as the Village experiences rapid growth in economic development activities over the next few years. The goal here had been to improve upon internal control procedures in order to continue to protect the assets of the Village.

The Village maintains strong budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated operating and capital improvements budgets adopted by the Village Board. Annual budgets are adopted for all funds, including the activities of the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Enterprise Funds, and Internal Service Fund. Five year financial plans are adopted for capital improvement projects. Budgetary control is maintained through expenditure limitation at the defined cost center level (a cost center can be a fund, major program, department or specific activity for which control of expenditures is considered appropriate). Proposed expenditures for which moneys were not previously appropriated, or which result in an overrun of budget control balances, may not take place without additional appropriations made available through Village Board approval.

An explanation of the Village's accounting policies is contained in the notes to the financial statements, which are an integral part of this report. The notes explain the basis of accounting for each major fund type, describe the purpose of the funds used, and provide other significant information.

As demonstrated by the statements, schedules and notes included in the **Financial Section** of this report, the Village continues to meet its responsibility for sound financial management.

Tax Increment Financing ("TIF") Districts. The Village has been active, aggressive and successful in its economic development projects funded through Tax Incremental Financing. The Village created Tax Increment Financing District #1 (TIF #1) in 1998. The primary areas for development in TIF #1 are in the Weston Business Technology

Park ("the Park") in the eastern portion of the district and the Putnam Capital Management Development (formerly the Stone Ridge Development) in the western portion of the district. The first tenant of the Park moved into their new facility in the fall of 2000. The remaining parcels of the Park will be developed during 2001-2005. Due to the continual high level of demand for land in the Village of Weston to be used for commercial or light manufacturing purposes, the Village has planned to purchase additional acreage that is immediately west of the existing Park in 2005 and install the necessary capital improvements to the park expansion to meet the demand of future tenants in the Park.

The Putnam Capital Management Development had several tenants by the end of 2004, including a gas station/convenience store, a credit union, a tire store, and a regional bank. However, the most significant impact to this development is the construction of the new Weston Medical Center Complex, which includes St. Clare's Hospital, Marshfield Clinic, and the Ministry Health Care Group. The medical center complex is expected to generate \$45-\$50 million in new taxable increment all by itself. The medical complex is scheduled to open in October 2005.

In the past seven years of TIF District #1, the district has generated \$40,781,700 in new property tax base. Present calculations for the district indicate over \$200 million in projected new commercial and manufacturing tax base over the life of the district. The district is estimated to be able to close by 2015 with the present known projections, which would be two years ahead of schedule (year 2017) according to the original TIF district plan. It is expected that because of the construction of the new medical complex within the TIF District, additional retail and commercial development will soon arrive to the area and likely enable TIF District #1 to become solvent earlier than the present 2015 expectations.

The Village created a new Environmental Remediation Tax Increment Financing District in 2001. The Village has completed the cleanup costs of the project and worked with a developer to construct a new car wash facility on the former gas station site. The construction of the facility took place in 2003. By 2004, the district has generated \$458,700 of new property tax base. Present calculations for the district indicate that this Environmental TIF District will become solvent on schedule with the original TIF district plan, within the maximum allowable 16-year life of the district (year 2016).

In 2004, the Village Board approved the creation of TIF District #2, which is also called the Schofield Avenue Business Corridor.

At the end of 2004, the Village had three active TIF districts. The following table summarizes the Village's TIF district property value status:

<u>TIF #</u>	<u>Year Created</u>	<u>Base Equalized Value</u>	<u>2004 Equalized Value</u>	<u>Tax Increment</u>
1	1998	\$15,241,600	\$56,023,300	\$40,781,700
2	2004	10,590,400	10,590,400	-
Environmental	2001	261,000	719,700	458,700
				<u>\$41,240,400</u>

Retirement Program. The Village participates in the Wisconsin Retirement System (WRS), a statewide contributing retirement plan. The Village pays both employer and employee participation shares. Contributions, benefit formulas, and employee eligibility are determined by the system and explained further in Note V(A) of this report.

Cash Management/Investment Program. Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. government and its agencies, State of Wisconsin Local Government Investment Pool, and Municipal Bond Investors Assurance Corporation Pool, all in accordance with State statutes.

For the year ended December 31, 2004, the Village earned investment income of \$272,103 on all governmental fund investments and \$208,279 on all business-type funds. All investment interest income earned by the Village includes all unrealized gains and losses on investments. It is the intent of the Village to hold all investments to maturity.

The Village's investment practice is to minimize credit and market risk while maintaining a competitive yield on its portfolio. The program is carried out under a formal policy adopted in July 1998. That policy prescribes authority, responsibility and limitations for investment of Village funds. The Village does not consider suitable, has not invested in, nor holds investments in custodial receipts or financial derivative products such as interest rate swaps, foreign currencies, forwards, futures, options, reverse repurchase agreements, floaters, inverse floaters, strips, interest rate caps, collars, floors, or other similar instruments. All investment purchasing is done under "prudent person" standards and a safety, liquidity, yield priority covenant with the intent to hold to maturity. As such, the Village invests primarily in guaranteed rate, top graded (AA or better) corporate bonds, U.S. Treasury securities, U.S. government agencies and certificates of deposits. Liquid working capital funds are placed in the Wisconsin Local Government Investment Pool (insured pool managed by the State Treasurer's Office) and a pool operated by Municipal Bond Investors Assurance Corporation. Cash management activities are monitored weekly. Monthly portfolio reports are distributed to the Village Board and Finance Committee.

Bank deposits and certificates of deposit are placed only with financial institutions rated secure and fiscally sound. All such investments are protected by federal and state depository guarantees to \$500,000 per institution. These institutions are regularly monitored for changing fiscal stability. Under this policy, collateralization (held by a third party agent) is requested when appropriate. Directly purchased U.S. agency securities are held in the Village's name. Investments in two pools, though not secured through depository guarantees or collateral, are considered very safe because of their statutory limitations and required investments in U.S. government securities. Holdings in pools are monitored weekly. Downgraded securities are sold immediately to minimize future market risk. The safety classifications of all investments is further detailed in Note IV(A) of this report. GASB Statement #31 has been implemented and reflected therein.

Risk Management. The Village's workers compensation insurance program was continued through a major commercial carrier. A slightly below average 1.19 loss experience premium modification factor was in effect for the year.

During 2004, the Village purchased public entity liability insurance that provides the Village with maximum loss retention of \$10,000 per claim and \$25,000 for the fiscal period. The insurance company provides \$4,000,000 per incident loss coverage, with no general aggregate limits. All Village buildings, personal property, property in the open, and contractors' equipment were insured through the State of Wisconsin's Local Government Property Insurance Fund. The Village's vehicle fleet was also insured for liability, comprehensive, and collision coverage for 2004.

The Village is a participant in the Worker Wellness Industrial Health Program operated by Community Health Care of Wausau. The Village anticipates future cost savings as employees are encouraged to participate in the various health, wellness, and safety programs offered during the year, which will further reduce the Village's risk exposure.

INDEPENDENT AUDIT

State statutes require an annual audit by independent certified public accountants. The Village selected the accounting firm of Clifton Gunderson LLP. The independent auditor's report on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Weston is included in the financial section of this report. In addition to meeting the requirements set forth by the American Institute of Certified Public Accountants, the audit also was designed to meet the requirements of the *Government Auditing Standards*, issued by the Comptroller General of the United States. For 2004, the Village did not meet recipient grant level single audit benchmarks; therefore, no single audit was necessary.

REPORTING GOALS AND FUTURE ACHIEVEMENTS

This report is the fifth year that the Village has prepared a Comprehensive Annual Financial Report (CAFR), which allows the Village to publish an easily readable and efficiently organized comprehensive annual financial report for all readers, both elected and non-elected. The report satisfies both generally accepted accounting principles and applicable legal requirements.

The Government Finance Officers Association ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the first year that the Village had submitted the annual report to the GFOA's award program. A Certificate of Achievement is valid for a period of one year. We believe that the 2004 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

This report has also been prepared following the guidelines recommended by Wisconsin's Governmental Reporting Awards Through Evaluation ("GRATE") Program. We believe the current 2004 report meets program standards, and it will be submitted to determine its eligibility for the 2004 award, which is the Certificate of Commendation for achieving a high level of quality in financial statements and reporting.

CONTINUING DISCLOSURE REQUIREMENTS

In compliance with Securities and Exchange Commission (SEC) Disclosure Rule 15c2-12(b)(5), and according to terms of the Village's Official Statement for issuance of debt, tables in the **Statistical Section** and **Notes to Basic Financial Statements** incorporate specific financial information for the benefit of existing and potential investors in the Village's securities. The Village has voluntarily filed its CAFR with all designated national repositories (NRMSIR) and will continue that practice in fulfillment of its obligation under the SEC Rule. Timely notice of material events enumerated in the Rule will be provided to appropriate authorities as prescribed.

ACKNOWLEDGEMENTS

The preparation of the Village's Comprehensive Annual Financial Report was made possible by the dedicated service and commitment of the members of the Finance, Public Works, Parks, Fire and Everest Metro Police Departments. Much information was required from all departments in order for this report to be compiled in an efficient manner. They have my sincere appreciation for their individual contribution in preparation of this report.

I also want to recognize Clifton Gunderson LLP, audit management team, for their dedication, expertise, and patience that contributed significantly to the report quality and adherence to professional accounting standards.

And closing, I would like to thank the Village Board and Administrator for their leadership and support in the planning and conducting of the financial operations of the Village in a responsible and progressive manner. Without that support, preparation of this report would not have been possible.

Sincerely,



John D. Jacobs, CGFO/CPFO
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Weston,
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelke

President

Jeffrey R. Enos

Executive Director

**VILLAGE OF WESTON
DIRECTORY OF OFFICIALS
2004 – 2005
(at December 31, 2004)**

PRESIDENT OF THE VILLAGE BOARD

Vilas Machmueller

VILLAGE TRUSTEES

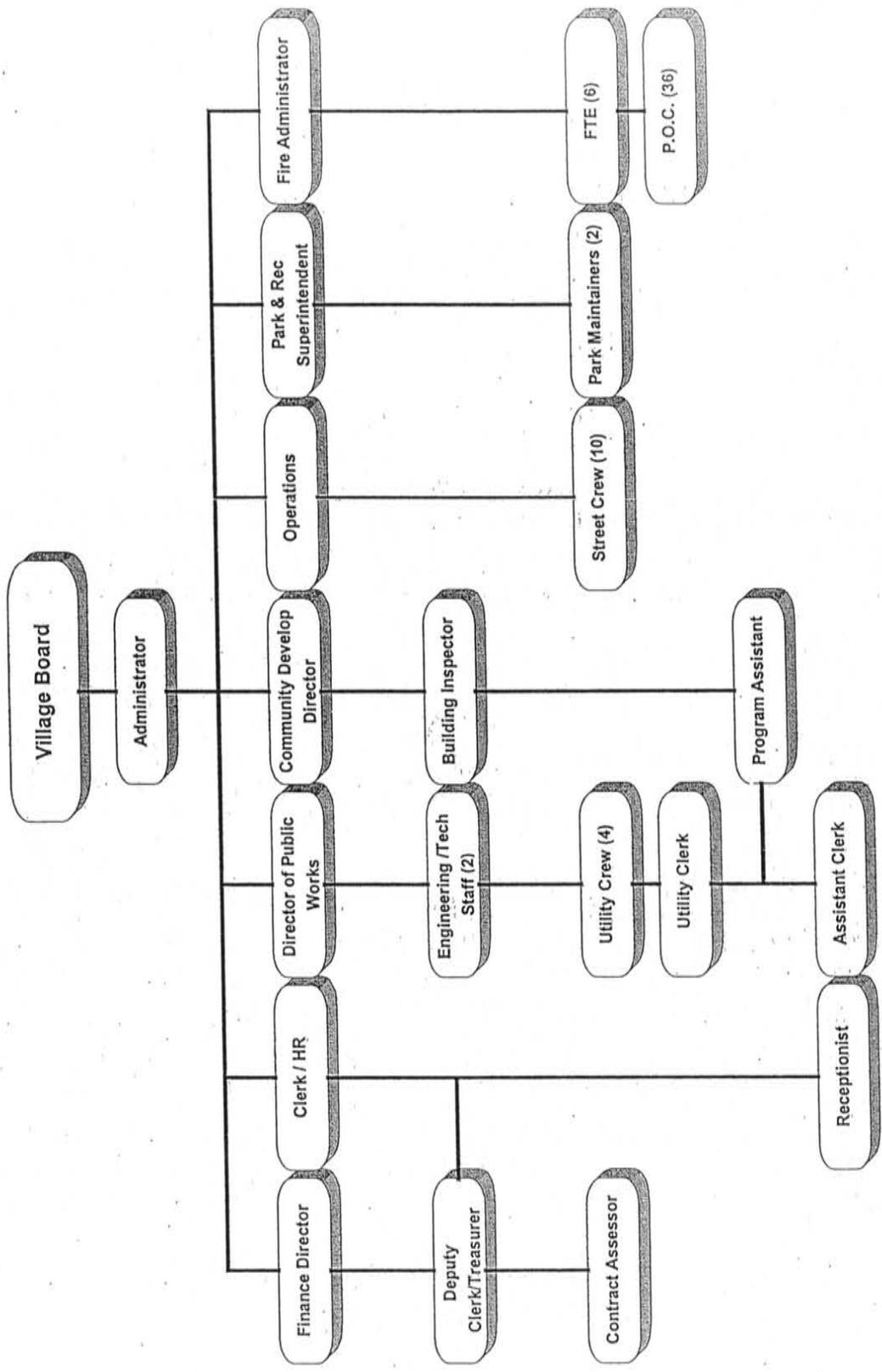
David Diesen
Barbara Ermeling
Sharon Jaeger
Steve Meinel
Fred Schuster
Jon Ziegler

ADMINISTRATOR

Dean Zuleger

VILLAGE OFFICIALS

Village Clerk/Human Resource Director	Sherry Weinkauf
Director of Public Works	Keith Donner
Finance Director	John Jacobs
Community Development Director	Jennifer Higgins
Fire Chief	Michael Pierce
Park Superintendent	Shawn Osterbrink
Public Works Operations Manager	Don Smith
Building Inspector	Al Breu
Village Assessor	Greg Schmidt
Everest Metro Police Chief	Dan Vergin



VILLAGE OF WESTON LINE-STAFF ORGANIZATIONAL CHART 2004