VILLAGE OF WESTON

NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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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.(E.) 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.

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. 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 is 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 and proprietary funds. 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.

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.

Special Revenue Fund – TIF District #1 – accounts for the receipts of district "incremental" property taxes and other revenues and corresponding program expenditures for TIF District #1.

Special Revenue Fund – Community Development Authority (CDA) – TIF District #1 – accounts for the receipts of CDA Lease Revenue Bond proceeds issued by the CDA on the behalf of the Village of Weston and the transfer of these proceeds to the TIF District #1 – Capital Projects Fund. Corresponding program expenditures and bond issuance costs are recorded in this fund.

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

Capital Projects Fund – Street Projects – accounts for the financial resources and the expenditures for the construction of new streets, sidewalks, and curb/gutters, and for major improvements to existing streets.

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.

Recycling
Mass Transit
Block Grant/Revolving Loan
TIF District #2
Environmental TIF District
Business Grants
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.

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

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 – used to account for the accumulation and allocation of premium and claims costs associated with the Village's health insurance program, self-insured dental insurance program, worker wellness program, life insurance program, and post health employment program.

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.

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 proprietary 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.

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.

The Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. This standard establishes and modifies disclosure requirements related to deposit risks (custodial credit and foreign currency risks) and investment risks (custodial credit, credit, concentration of credit, interest rate, and foreign currency risks). The Village attempts to manage its deposit and investment risks as follows:

a. Custodial credit risk – all securities will be held by a third-party custodian.

b. Credit risk – purchases of securities in the lower end of allowed rating categories within the statutory provisions would be limited.

c. Concentration of credit risk – diversification among issuers and types of investments to avoid over-concentration in specific issuers or sectors is a stated goal of the policy.

d. Interest rate risk – Village policy is to not directly invest in securities with maturities of greater than 5 years unless matched to a specific cash flow and disclosed to the Finance Committee.

e. Foreign currency risk – Village policy is to not hold deposits and investments denominated in foreign currencies because the potential risk of loss arising from changes in exchange rates can be significant.

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

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

1. Deposits and Investments (cont.)

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, 2008, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

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 November 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 – 2008 tax roll:

Lien date and levy date	November 2008
Tax bills mailed	December 5, 2008
Payment in full, or	January 31, 2009
First installment due date	January 31, 2009
Second installment due date	July 31, 2009
Final settlement with county	August 15, 2009
Personal property taxes in full	January 31, 2009
Tax sale – 2008 delinquent real estate taxes	October 2011

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

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

2. Receivables (cont.)

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.

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, 2008, the Village has not exceeded its maximum retention cap of $750,000.

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

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

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 2008.

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.

5. Capital Assets

Government-Wide Statements

In the government-wide financial statements, capital assets are defined by the government as assets with an initial cost of more than $5,000 for general 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, landscape/streetscape, streetlights, 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.

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

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

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

The range of estimated useful lives by type of asset is as follows:

Buildings	40 Years
Land Improvements	20 Years
Machinery and Equipment	3-20 Years
Utility System	2-50 Years
Infrastructure	20-40 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.

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, 2008, are determined on the basis of current salary rates and include salary related payments.

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

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

9. Long-Term Obligations/Conduit Debt

All long-term debt to be repaid from governmental and business-type resources is 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.

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

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.

In addition, the Wisconsin Public Service Corporation (WPSC) used the Village of Weston as a conduit debt issuer in November 2006 to refinance $22,000,000 in Pollution Control Refunding Revenue Bonds. The WPSC originally issued these bonds through the Town of Weston in 1981. The Town of Weston refinanced the bonds in 1984 and again in 1993. The 1993 bonds remained outstanding and would have matured in 2013, if the refinancing had not occurred in 2006. Under Wisconsin law, the refinancing of the 1993 bonds needed to be done by the same municipality that issued such bonds. This meant that the Village of Weston was the successor to the Town of Weston in this instance. Except for a lower interest rate, the WPSC did not change any components of the bonds. The new bonds will mature in 2013, which was the same as the 1993 bonds. These WPSC bonds are secured with revenue agreements on the associated projects of the WPSC, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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 mature or become due are recorded during the year as expenditures in the governmental funds. If they have not matured, no liability is recognized in the governmental fund statements. 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.

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

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

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 their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net 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. Reserved fund balance represents amounts not available for appropriation or amounts legally restricted by outside parties for specific purposes. 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.

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 $63,397,058 difference in liabilities is as follows:

General obligation bonds and notes payable	$14,677,006
Revenue bonds payable	45,564,000
Bond anticipation notes	1,885,000
Compensated absences	100,804
Advances from developers on TIF District letters of credit	1,311,467
Accrued interest	698,285
Unamortized debt discounts and premiums	(483,951)
Unamortized debt issuance costs	(355,553)
Net Adjustment to Reduce Fund Balance – Total Governmental Funds to Arrive at Net Assets – Governmental Activities	$63,397,058

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, all special revenue funds, debt service fund, all capital project funds, all enterprise funds, and the internal service fund. The environmental TIF District capital projects fund was 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.

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 is 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. Supplemental appropriations during the year included a net increase of $1,662,007 in the capital projects funds (an increase of $1,056,862 in the Street Projects Fund, decrease of $158,874 in the Public Safety Building Fund, increase of $168,819 in the Facility Projects Fund, increase of $63,066 in the Capital Equipment Fund, an increase of $355,000 in the TIF District #1 Fund, and an increase of $177,134 in the TIF District #2 Fund) and $70,500 increase in the General Fund. The Village Board properly authorized all supplemental appropriations for budget year 2008.

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).

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 cost centers in the general fund and in the other individual funds had an excess of expenditures over appropriations at the legal level of budgetary control for the year ended December 31, 2008.

	Excess Expenditures
General Fund	
Village newsletter	$ 21
Elections	3,864
Village attorney	4,768
Police department	2
Fire department	15,175
Public works	21,351
Contingency reserve	5,154
Special Revenue Funds	
TIF District #1	32,485
TIF District #2	612
Environmental TIF District	630
Business grants	25,114
Park and recreation	8,895
Capital Projects Funds	
Capital equipment	10,306
Facility projects	1,213

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, 2008, the following individual funds held a deficit balance:

Fund	Deficit Balance	Reason
Special Revenue Funds		
TIF District #2	$110,129	Costs exceed accrued tax increments
Environmental TIF District	23,426	Costs exceed accrued tax increments
Business Grants	51,675	Costs exceed accrued tax levies
Capital Projects Funds		
Facility Projects	221,110	Costs exceed other financing sources
TIF District #1	112,658	Costs exceed other financing sources
Environmental TIF District	34,201	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. LIMITATIONS ON THE VILLAGE'S TAX LEVY

As part of Wisconsin Act 20 (2007), legislation was passed that limits the Village's future tax levies. Generally, the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or 2.00% for the 2008 levy collected in 2009 and 3.0% for the 2009 levy collected in 2010. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to be extended through the 2010 levy in the proposed 2009-2011 state biennium budget.

E. BOND COVENANT DISCLOSURE – WATER UTILITY, SEWER UTILITY, AND STORMWATER UTILITY

Bond Covenant Disclosures

The following information is provided in compliance with the resolution creating the 1997, 1998, 2000, 2001, 2006, 2007, and 2008 revenue bonds.

Insurance

The water, sewer, and stormwater utilities are covered under the following insurance policies at December 31, 2008:

Type	Coverage	
Local Government Property Insurance Fund		
General Liability	$10,000,000	12/31/2008
Property	24,537,873	12/31/2008
American Alternative Insurance Corporation		
Automobile	$4,000,000	12/31/2008

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

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

E. 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:

	Water Utility	Sewer Utility	Stormwater Utility
Operating revenues	$1,972,776	$1,757,945	$ 573,484
Investment earnings	157,870	194,906	49,210
Miscellaneous non-operating income	22	-	-
Less: Operations and maintenance expenses	(941,606)	(1,048,275)	(195,505)
Net Defined Earnings	$1,189,062	$ 904,576	$ 427,189
Minimum Required Earnings per Resolution:			
Highest annual debt service	$ 329,038	$ 403,378	$ 223,619
Coverage factor	1.25	1.25	1.25
Minimum Required Earnings	$ 411,298	$ 504,223	$ 279,524

Number of Customers

The utilities had the following number of customers and billed volumes for 2008.

	Water Utility		Sewer Utility		Stormwater Utility	
	Customers	Sales (000 gals)	Customers	Sales (000 gals)	Customers	ERUs
Residential	4,495	242,771	4,452	202,830	4,450	4,250
Commercial	587	156,615	525	134,802	471	7,194
Industrial	4	204,725	4	15,959	1	128
Public Authority	45	21,842	22	9,682	23	781
Miscellaneous Other	-	-	-	-	14	209
Totals	5,131	625,953	5,003	363,273	4,959	12,562

Utility Budget

The 2008 water and sewer utility budgets were prepared and approved as required by the bond resolutions. The budget information is as follows:

	Revenues/Sources		Expenses/Uses	
	Actual *	Budget	Actual	Budget
Water Utility	$ 2,130,668	$ 2,137,310	$ 2,020,150	$ 1,985,469
Sewer Utility	1,952,851	1,907,150	1,933,988	1,906,784
Stormwater Utility	622,694	623,350	855,845	753,220

* Excluding capital contribution revenue sources in the Water Utility of $64,576 and Sewer Utility of $25,012.

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. *DEPOSITS AND INVESTMENTS*

The Village's cash and investments at year-end were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	$ 3,524,543	$ 3,824,417	Custodial credit
Certificates of deposits	4,438,896	4,438,896	Custodial credit
Petty cash	5,200	-	N/A
Total cash	7,968,639	$ 8,263,313	
Wisconsin Local Government Investment Pool (LGIP)	8,061,099		Credit, Interest rate
MBIA Investment Pool (CLASS)	831,528		Credit, Interest rate
U.S. Government treasury securities	4,744,560		Credit, Custodial credit, Interest rate, Concentration of credit
U.S. Government agency securities	5,369,575		Credit, Custodial credit, Interest rate, Concentration of credit
Total investments	19,006,762		
Total cash and investments	$26,975,401		

Reconciliation to financial statements:	
Per statement of net assets	
Unrestricted cash and investments	$24,145,640
Restricted cash and investments	2,829,761
Total cash and investments	$26,975,401

Deposits in each local and area bank and the LGIP (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 $250,000 for all interest bearing accounts and $250,000 for all non-interest bearing accounts.

Bank and credit union accounts and the LGIP are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of $400,000 for each financial institution. However, although the fund had reserves available at December 31, 2008, 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 not been considered for custodial risk determination.

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

A. *DEPOSITS AND INVESTMENTS* (cont.)

Some financial institutions acting as a depository for the Village are required to pledge collateral to secure all Village funds over and above amounts guaranteed by the FDIC and the State Deposit Guarantee Fund. All securities serving as collateral are specifically pledged to the Village and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The type of collateral used must be satisfactory to the Village. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution. Collateral for Village deposits is maintained at a level representing the assumed highest daily balance maintained by the Village. 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.

The investments in the Local Government Investment Pool (the Pool) are covered up to $400,000 by the State Guarantee Fund. Certificates of deposit held in the Pool are covered by FDIC insurance, which applies to the proportionate public unit share of accounts. Commercial paper and negotiable certificates of deposit are also covered by a surety bond with Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults, reduced by any FDIC and State Guarantee Fund insurance. As of February 15, 2009, the Pool no longer has this bond.

Custodial Credit Risk - Deposits: For deposits, custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. The Village does have a deposit policy for custodial credit risk. This policy details eligibility for authorization to include banks or savings and loans that are a member of the FDIC or credit unions that are insured by the NCUA (National Credit Union Association), and qualify as a depository of public funds in the State of Wisconsin. Broker/dealers who desire to become qualified for investment transactions must have a minimum capital requirement of $10,000,000 and be in operation for at least the last five years. The broker/dealers must also qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule) to be a primary or regional dealer and provide proof of National Association of Securities Dealers ("NASD") certification.

As of December 31, 2008, $4,348,070 of the Village's bank balances of $8,263,313 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized demand deposits	$ 2,690,420
Uninsured and uncollateralized certificates of deposit	1,657,650
	$ 4,348,070

Custodial Credit Risk - Investments: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does have a deposit policy for custodial credit risk as is outlined above.

As of December 31, 2008, the Village's investments were exposed to custodial credit risk as follows:

U.S. Government Agency Securities	
Neither insured nor registered and held by counterparty	$ 10,114,135

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

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

A. DEPOSITS AND INVESTMENTS (cont.)

As indicated in Note I.(D.1.), Wisconsin statutes require municipalities to invest in securities which have a rating that is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency or if that security is senior to, or on a party with, a security of the same issuer which has such a rating. As of December 31, 2008, the Village's investments were rated as follows:

The Village's investments in U.S. Government agency securities issued by the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association are either rated Aaa by Moody's Investors Service or considered "Agency" obligations of the U.S. Government. As of December 31, 2008, the Village also had investments in one U.S. Government treasury securities fund that was rated AAA and/or Aaa by Standard & Poor's, Moody's Investors Service, or Fitch Ratings. The Village also had investments in the following external pools that are not rated:

Investment Type
Wisconsin Local Government Investment Pool (LGIP)
MBIA Investment Pool (CLASS)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer. The Village attempts to minimize their concentration of credit risk with their investment policy. The Village's investment policy requires them to pre-qualify the financial institutions they work with and to diversify the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

At December 31, 2008, the investment portfolio had concentrations of investments greater than 5% of the total portfolio as follows:

Issuer	Investment Type	Percentage of Portfolio
Federal National Mortgage Assoc.	U.S. Government agency notes and mortgage-backed securities	17.6%
Goldman Sachs Treasury Instruments Portfolio	U.S. Government treasury securities	25.0%

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Village does have a policy related to interest rate risk. This policy details that the investment and cash management portfolio be designed to attain a market value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements.

As of December 31, 2008, the Village's investments were comprised of two portfolios, one managed internally and one managed via external investment advisors, as follows:

Investment Type	Fair Value	Weighted Average Maturity (days)	Weighted Average Maturity (years)
Internally managed portfolio:			
Wisconsin Local Government Investment Pool (LGIP)	$8,061,099	80	
MBIA Investment Pool (CLASS)	831,528	26	
U.S. Government agency securities	5,369,575		5.92
Externally managed portfolios:			
U.S. Government treasury securities	4,744,560	49	
Total fair value	$19,006,762		

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

A. DEPOSITS AND INVESTMENTS (cont.)

To reduce the risk of loss due to interest rate changes, the Village's investment policy requires investing in securities with varying maturities. To the extent possible, the Village attempts to match the maturity of investments with anticipated cash flow requirements.

Foreign Currency Risk: Foreign currency risk is the risk of loss arising from changes in exchange rates that result from holding deposits and investments denominated in foreign currencies.

At December 31, 2008, the Village's portfolio did not comprise of any deposits or investments denominated in foreign currencies.

B. RECEIVABLES

All receivable balances are expected to be collected within one year, except for special assessments and deferred payment loans.

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

General Fund – Allowance for Uncollectibles related to ambulance receivables	$ 4,008
Total Uncollectibles of the Current Fiscal Year	$ 4,008

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	$ -	$9,637,160	$9,637,160
Unearned revenue	-	11,052	11,052
Special assessments/special charges not yet due	1,699,695	-	1,699,695
Receivables not received within 60 days of year-end	95,034	-	95,034
Total Deferred/Unearned Revenue for Governmental Funds	$1,794,729	$9,648,212	$11,442,941

On the statement of net assets $65,809 of unearned revenue is reported from the internal service funds for total unearned revenue of $9,714,021.

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:

	Amount
Restricted Assets	
Revenue bond reserve account	$ 1,205,124
Revenue bond redemption account	647,037
Revenue bond construction account	977,600
Total Restricted Assets	2,829,761
Less: Restricted Assets Not Funded by Revenues	
Revenue bond reserve account	(1,205,124)
Revenue bond construction account	(977,600)
Total Restricted Assets Not Funded by Revenues	(2,182,724)
Current Liabilities Payable From Restricted Assets	(133,528)
Total Restricted Net Assets as Calculated	$ 513,509

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 4,228,762	$ 143,060	$ -	$ 4,371,822
Right-of-ways	591,293	-	-	591,293
Construction in progress	229,876	45,775	(214,485)	61,166
Total Capital Assets Not Being Depreciated	5,049,931	188,835	(214,485)	5,024,281
Capital Assets Being Depreciated:				
Land improvements	5,249,793	337,595	-	5,587,388
Buildings	6,730,330	121,680	(15,000)	6,837,010
Equipment, furniture, and fixtures	5,539,783	420,314	(539,829)	5,420,268
Road/streets, Curb/gutters, Driveway approaches	68,102,241	1,734,944	(1,304,885)	68,532,300
Bridges	385,887	-	-	385,887
Street lighting	1,471,756	-	-	1,471,756
Traffic signals	896,704	171,282	-	1,067,986
Sidewalks	2,883,040	72,379	(21,363)	2,934,056
Total Capital Assets Being Depreciated	91,259,534	2,858,194	(1,881,077)	92,236,651
Less Accumulated Depreciation for:				
Land improvements	800,031	266,577	-	1,066,608
Buildings	1,782,888	148,844	(15,000)	1,916,732
Equipment, furniture, and fixtures	3,598,365	287,999	(539,120)	3,347,244
Road/streets, Curb/gutters, Driveway approaches	23,536,522	2,887,603	(602,780)	25,821,345
Bridges	25,738	9,648	-	35,386
Street lighting	215,986	73,587	-	289,573
Traffic signals	304,680	49,117	-	353,797
Sidewalks	614,762	145,961	(9,390)	751,333
Total Accumulated Depreciation	30,878,972	3,869,336	(1,166,290)	33,582,018
Capital Assets, Net of Depreciation	$ 65,430,493	$ (822,307)	$ (929,272)	$ 63,678,914

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	$ 44,925
Public safety	155,507
Public works, which includes the depreciation of infrastructure	3,564,367
Parks, recreation, and education	104,537
Total Governmental Activities Depreciation Expense	$ 3,869,336

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

D. CAPITAL ASSETS (cont.)

Water Utility	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Capital Assets Not Being Depreciated:					
Land and land rights	$ 848,328	$ -	$ -	$ -	$ 848,328
Intangible plant - organizational costs	319	-	-	-	319
Construction in progress	146,840	440,660	(583,248)	(267)	3,985
Total Capital Assets Not Being Depreciated	995,487	440,660	(583,248)	(267)	852,632
Capital Assets Being Depreciated:					
Buildings and systems	1,019,849	-	-	-	1,019,849
Improvements other than buildings	22,367,348	638,827	(81,006)	(8,299)	22,916,870
Machinery and equipment	1,683,985	43,165	-	(3,184)	1,723,966
Total Capital Assets Being Depreciated	25,071,182	681,992	(81,006)	(11,483)	25,660,685
Less Accumulated Depreciation for:					
Land rights	85,120	17,026	-	-	102,146
Buildings and systems	152,769	32,572	-	-	185,341
Improvements other than buildings	3,425,413	398,069	(81,006)	-	3,742,476
Machinery and equipment	464,762	100,850	-	(3,184)	562,428
Total Accumulated Depreciation	4,128,064	548,517	(81,006)	(3,184)	4,592,391
Capital Assets, Net of Depreciation	$ 21,938,605	$ 574,135	$ (583,248)	$ (8,566)	$ 21,920,926

Sewer Utility	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Capital Assets Not Being Depreciated:					
Construction in progress	$ 133,240	$ 186,387	$ (319,360)	$ (267)	$ -
Total Capital Assets Not Being Depreciated	133,240	186,387	(319,360)	(267)	-
Capital Assets Being Depreciated:					
Buildings and systems	1,542,369	8,830	-	-	1,551,199
Improvements other than buildings	27,674,483	319,360	(30,505)	-	27,963,338
Machinery and equipment	584,336	20,430	(16,972)	-	587,794
Total Capital Assets Being Depreciated	29,801,188	348,620	(47,477)	-	30,102,331
Less Accumulated Depreciation for:					
Buildings and systems	105,740	33,724	-	-	139,464
Improvements other than buildings	6,020,218	563,083	(24,982)	-	6,558,319
Machinery and equipment	363,270	38,597	(16,972)	-	384,895
Total Accumulated Depreciation	6,489,228	635,404	(41,954)	-	7,082,678
Capital Assets, Net of Depreciation	$ 23,445,200	$ (100,397)	$ (324,883)	$ (267)	$ 23,019,653

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Adjustments	Ending Balance
Stormwater Utility					
Capital Assets Not Being Depreciated:					
Land	$ 15,011	$ 574	$ -	$ -	$ 15,585
Construction in progress	25,132	493,489	(518,621)	-	-
Total Capital Assets Not Being Depreciated	40,143	494,063	(518,621)	-	15,585
Capital Assets Being Depreciated:					
Improvements other than buildings	14,897,892	531,074	(148,577)	-	15,280,389
Machinery and equipment	143,475	3,879	-	-	147,354
Total Capital Assets Being Depreciated	15,041,367	534,953	(148,577)	-	15,427,743
Less Accumulated Depreciation for:					
Improvements other than buildings	2,434,836	310,519	(49,538)	-	2,695,817
Machinery and equipment	36,209	14,811	-	-	51,020
Total Accumulated Depreciation	2,471,045	325,330	(49,538)	-	2,746,837
Capital Assets, Net of Depreciation	$ 12,610,465	$ 703,686	$ (617,660)	$ -	$ 12,696,491
Total Business-Type Activities	$ 57,994,270	$ 1,177,424	$ (1,525,791)	$ (8,833)	$ 57,637,070

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	$ 532,224
Sewer	651,697
Stormwater	325,330
Total Business-Type Activities Depreciation Expense	$ 1,509,251

The difference between the depreciation expense reported for water on the income statement ($532,224) and what is reported in the footnote ($548,517) 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 ($651,697) and what is reported in the footnote ($635,404) is related to the depreciation expense allocated from water to sewer on the water meters.

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:

Receivable Fund	Payable Fund	Amount
General	Special revenue – civic and social	$ 200
General	Capital projects – street projects	145,698
General	Enterprise – water utility	378,296
Debt service	Capital projects – Environ. TIF district	34,201
Debt service	Capital projects – TIF district #1	355,000
Capital projects - facility projects	Special revenue – room taxes	1,832
Sub-Total – Fund Financial Statements		915,227
Less: Elimination to government-wide statements		(536,931)
Total		$ 378,296

Receivable Fund	Payable Fund	Amount
Government activities	Business-type activities	$ 378,296
Less: Business-type activities	Government activities	-
Total Government-Wide Financial Statements		$ 378,296

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 ($378,296) 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:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
Debt service	Special revenue – business grants	$ 51,675	$ 51,675
Debt service	Capital projects – facility projects	228,033	228,033
Sub-Totals – Fund Financial Statements		279,708	$ 279,708
Less: Elimination to government-wide statements		(279,708)	
Total		$ -	

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.

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	Special revenue – Aquatic center	$ 5,216	Operating subsidy
	Capital projects – capital equipment	3,903	Equipment purchase
Special Revenue			
TIF District #1	Debt service	851,216	Debt service
TIF District #2	Debt service	29,949	Debt service
Environmental TIF District	General fund	250	Operating subsidy
Environmental TIF District	Capital projects–Environmental TIF District	22,685	Operating subsidy
Business grants	General fund	50	Operating subsidy
CDA/TIF District #1	Special revenue – TIF District #1	450,706	Operating subsidy
CDA/TIF District #1	Debt service	2,321,651	Debt service
CDA/TIF District #2	Special revenue – TIF District #2	4,448	Operating subsidy
CDA/TIF District #2	Debt service	167,793	Debt service
Room taxes	Special revenue – Aquatic center	23,000	Operating subsidy
Room taxes	Capital projects – facility projects	50,000	Skateboard Park costs
Park and Recreation	Capital projects – facility projects	90,303	Park development costs
Capital Projects			
Facility projects	Capital projects – capital equipment	3,090	Equipment purchase
Enterprise			
Water utility	General fund	378,296	Payment in lieu of taxes
Sewer utility	Water utility	4,630	Meter allocation
Sub-Total – Fund Financial Statements		$ 4,407,186	
Less: Elimination to government-wide statements		(4,028,890)	
Total		$ 378,296	

Transferred From	Transferred To	Amount
Business-type activities	Government activities	$ 378,296
Less: Government activities	Business-type activities	-
Total Government-Wide Financial Statements		$ 378,296

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.

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	$ 14,381,839	$ 1,994,000	$ 1,698,833	$ 14,677,006	$ 1,773,158
Revenue bonds	46,154,000	425,000	1,015,000	45,564,000	1,805,000
Bond anticipation notes	1,885,000	-	-	1,885,000	-
Add (Subtract) Deferred Amount for:					
Discounts	(549,155)	-	(53,499)	(495,656)	(53,499)
Premiums	13,211	366	1,872	11,705	1,895
Sub-Total	61,884,895	2,419,366	2,662,206	61,642,055	3,526,554
Other Liabilities:					
Accumulated unpaid sick leave	72,614	31,343	3,153	100,804	3,968
Advances from developers on TIF District letters of credit	1,018,754	321,033	28,320	1,311,467	-
Total Other Liabilities	1,091,368	352,376	31,473	1,412,271	3,968
Total Governmental Activities Long-Term Liabilities	$ 62,976,263	$ 2,771,742	$ 2,693,679	$ 63,054,326	$ 3,530,522
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable:					
General obligation debt	$ 2,465,316	$ -	$ 186,657	$ 2,278,659	$ 209,868
Revenue bonds	11,256,000	4,525,000	4,890,000	10,891,000	535,000
Add(Subtract Deferred Amount for:					
Discounts	(122,662)	(29,829)	(59,929)	(92,562)	(7,042)
Loss on 2006 Refunding	(29,693)	-	(25,451)	(4,242)	(4,242)
Loss on 2007 Refunding	(65,735)	-	(8,482)	(57,253)	(8,482)
Loss on 2008 Refunding	-	(249,427)	(10,239)	(239,188)	(19,659)
Sub-Total	13,503,226	4,245,744	4,972,556	12,776,414	705,443
Other Liabilities:					
Accumulated unpaid sick leave	-	20,579	447	20,132	472
Total Business-Type Activities Long-Term Liabilities	$ 13,503,226	$ 4,266,323	$ 4,973,003	$ 12,796,546	$ 705,915

For the governmental activities, accumulated unpaid sick pay is generally liquidated by the general fund. The advances from developers on TIF District letters of credit will be liquidated by the tax increments received in future years that are recorded in the TIF District #1 – Special Revenue Fund.

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.

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

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.

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, 2008, was $52,981,285. Total general obligation debt outstanding at year-end was $16,955,665.

	Date of Issue	Final Maturity	Interest Rates	Original Indebted-ness	Balance 12/31/08
GOVERNMENTAL ACTIVITIES					
General Obligation Debt					
General Obligation Promissory Notes, Series 2008	8/11/2008	4/1/2018	3.00 – 4.00%	$ 1,830,000	$ 1,830,000
General Obligation Promissory Notes, Series 2008	6/6/2008	6/6/2013	3.09%	164,000	164,000
General Obligation Promissory Notes, Series 2007	9/6/2007	10/1/2017	3.8 – 4.125%	2,142,700	2,120,700
General Obligation Refunding Bonds, Series 2006C	1/1/2006	10/1/2015	3.75 – 4.00%	2,475,000	1,910,000
General Obligation Promissory Notes, Series 2006A	1/1/2006	4/1/2015	3.50 – 4.00%	905,000	835,000
General Obligation Promissory Notes, Series 2005 (Everest Metro)	4/22/2005	4/22/2015	3.95%	211,200	147,840
General Obligation Promissory Notes, Series 2005	4/15/2005	4/1/2015	3.00 – 4.20%	696,000	660,000
General Obligation Promissory Notes, Series 2004A	8/1/2004	4/1/2014	4.00 – 4.75%	800,000	755,000
General Obligation Promissory Notes, Series 2004 (Fire Truck)	2/9/2004	2/9/2014	3.58%	579,000	347,400
Taxable General Obligation Water System Promissory Notes, Series 2003	5/1/2003	5/1/2013	0.00%	400,000	214,065
General Obligation Corporate Purpose Bonds, Series 2003A	6/15/2003	10/1/2018	2.00 – 3.625%	1,566,451	1,266,451
General Obligation Corporate Purpose Bonds, Series 2002A	5/15/2002	10/1/2017	3.00 – 4.70%	1,687,750	1,062,750
General Obligation Corporate Purpose Bonds, Series 2001A	6/1/2001	10/1/2016	4.00 – 4.85%	6,406,275	2,561,275
General Obligation Corporate Purpose Bonds, Series 2000A	11/15/2000	10/1/2015	4.40 – 5.25%	3,307,525	387,525
Taxable General Obligation Community Development Bonds, Series 1998B	6/1/1998	10/1/2011	6.10 – 6.50%	1,125,000	415,000
Total Governmental Activities – General Obligation Debt					$ 14,677,006

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

F. *LONG-TERM OBLIGATIONS* (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Indebtedness	Balance 12/31/08
BUSINESS-TYPE ACTIVITIES					
General Obligation Debt					
General Obligation Promissory Notes, Series 2007	9/6/2007	10/1/2017	3.8 – 4.125%	$282,300	$ 279,300
General Obligation Promissory Notes, Series 2006A	1/1/2006	4/1/2015	3.50 – 4.00%	70,000	70,000
State Trust Fund Loan, Series 2006	1/5/2006	3/15/2015	4.25%	275,399	224,524
State Trust Fund Loan, Series 2005	10/17/2005	3/15/2015	4.25%	824,601	677,836
General Obligation Promissory Notes, Series 2005	4/15/2005	4/1/2015	3.00 – 4.20%	264,000	115,000
General Obligation Corporate Purpose Bonds, Series 2003A	6/15/2003	10/1/2018	2.00 – 3.625%	293,549	293,549
General Obligation Corporate Purpose Bonds, Series 2002A	5/15/2002	10/1/2017	3.00 – 4.70%	172,250	172,250
General Obligation Corporate Purpose Bonds, Series 2001A	6/1/2001	10/1/2016	4.00 – 4.85%	443,725	443,725
General Obligation Corporate Purpose Bonds, Series 2000A	11/15/2000	10/1/2015	4.40 – 5.25%	1,482,475	2,475
Total Business-Type Activities – General Obligation Debt					$ 2,278,659

Debt service requirements to maturity are as follows:

	Governmental Activities General Obligation Debt			Business-Type Activities General Obligation Debt		
Years	Principal	Interest	Total	Principal	Interest	Total
2009	$ 1,773,158	$ 595,938	$ 2,369,096	$ 209,868	$ 93,932	$ 303,800
2010	1,878,833	506,605	2,385,438	149,012	86,767	235,779
2011	1,986,133	430,722	2,416,855	151,736	80,604	232,340
2012	1,631,833	347,566	1,979,399	236,210	74,287	310,497
2013	1,647,683	283,746	1,931,429	295,880	63,742	359,622
2014-2018	5,759,366	505,815	6,265,181	1,235,953	110,100	1,346,053
Totals	$ 14,677,006	$ 2,670,392	$ 17,347,398	$ 2,278,659	$ 509,432	$ 2,788,091

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

F. *LONG-TERM OBLIGATIONS* (cont.)

Revenue Debt

Revenue bonds for the water, sewer, and stormwater utilities are payable only from revenues derived from the operation of the water utility, sewer utility, or stormwater 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, 2008, consists of the following:

	Date of Issue	Final Maturity	Interest Rates	Indebted-ness	Balance 12/31/08
GOVERNMENTAL ACTIVITIES					
Revenue Debt					
Sanitary Sewerage System Revenue Bonds, Series 2008	6/23/2008	3/1/2021	3.25 – 4.10%	$ 425,000	$ 425,000
Community Development Authority Lease Revenue Bonds, Series 2007B	9/6/2007	10/1/2017	5.70 – 6.10%	1,325,000	1,325,000
Community Development Authority Lease Revenue Bonds, Series 2007A	9/6/2007	10/1/2025	4.25 – 4.625%	2,435,000	2,435,000
Water System Revenue Bonds, Series 2006B	1/1/2006	3/1/2025	3.50 – 4.20%	134,000	134,000
Community Development Authority Lease Revenue Bonds, Series 2005C	4/15/2005	10/1/2020	2.80 – 4.65%	920,000	815,000
Community Development Authority Lease Revenue Bonds, Series 2005B	4/15/2005	10/1/2010	5.00 – 5.25%	1,415,000	1,415,000
Community Development Authority Lease Revenue Bonds, Series 2005A	4/15/2005	10/1/2021	3.55 – 4.879%	7,905,000	7,905,000
Community Development Authority Lease Revenue Bonds, Series 2004B	8/9/2004	10/1/2025	3.00 – 4.75%	1,815,000	1,815,000
Community Development Authority Lease Revenue Bonds, Series 2004A	8/9/2004	10/1/2021	3.00 – 5.25%	14,315,000	14,315,000
Community Development Authority Lease Revenue Bonds, Series 2003B	5/22/2003	10/1/2009	3.25 – 4.50%	1,145,000	295,000
Community Development Authority Lease Revenue Bonds, Series 2003A	5/22/2003	10/1/2019	3.20 – 4.45%	6,440,000	6,440,000
Community Development Authority Lease Revenue Bonds, Series 2002	12/20/2002	10/1/2018	1.40 – 4.75%	8,065,000	7,565,000
Water System Revenue Bonds, Series 2001C	6/1/2001	3/1/2021	3.70 – 5.20%	679,000	575,000
Sanitary Sewerage System Revenue Bonds, Series 2001B	6/1/2001	3/1/2021	3.70 – 5.20%	475,000	75,000
Water System Revenue Bonds, Series 2000C	11/15/2000	3/1/2009	5.10 – 5.25%	204,000	15,000
Sanitary Sewerage System Revenue Bonds, Series 2000B	11/15/2000	3/1/2021	5.00 – 5.65%	200,000	15,000
Total Governmental Activities – Revenue Debt					$ 45,564,000

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

F. *LONG-TERM OBLIGATIONS* (cont.)

Revenue Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Indebted-ness	Balance 12/31/08
BUSINESS-TYPE ACTIVITIES					
Revenue Debt					
Sanitary Sewerage System Revenue Bonds, Series 2008	6/23/2008	3/1/2021	3.25 – 4.10%	$4,525,000	$ 4,525,000
Stormwater Revenue Bonds, Series 2007	12/28/2007	10/1/2027	4.00 – 4.375%	3,440,000	3,325,000
Water System Revenue Bonds, Series 2006B	1/1/2006	3/1/2025	3.50 – 4.20%	2,506,000	2,481,000
Water System Revenue Bonds, Series 2001C	6/1/2001	3/1/2021	3.70 – 5.20%	566,000	340,000
Sanitary Sewerage System Revenue Bonds, Series 2001B	6/1/2001	3/1/2021	3.70 – 5.20%	765,000	30,000
Water System Revenue Bonds, Series 2000C	11/15/2000	3/1/2009	5.10 – 5.25%	1,626,000	60,000
Sanitary Sewerage System Revenue Bonds, Series 2000B	11/15/2000	3/1/2021	5.00 – 5.65%	3,180,000	130,000
Total Business-Type Activities – Revenue Debt					$ 10,891,000

Debt service requirements to maturity are as follows:

	Governmental Activities Revenue Debt			Business-Type Activities Revenue Debt		
Years	Principal	Interest	Total	Principal	Interest	Total
2009	$ 1,805,000	$ 2,008,603	$ 3,813,603	$ 535,000	$ 426,265	$ 961,265
2010	2,110,000	1,932,761	4,042,761	575,000	405,451	980,451
2011	2,030,000	1,847,125	3,877,125	585,000	384,865	969,865
2012	2,755,000	1,773,380	4,528,380	605,000	363,089	968,089
2013	2,945,000	1,663,607	4,608,607	605,000	340,554	945,554
2014-2018	20,079,000	6,114,833	26,193,833	3,751,000	1,309,384	5,060,384
2019-2023	12,850,000	1,569,975	14,419,975	3,105,000	529,447	3,634,447
2024-2028	990,000	69,700	1,059,700	1,130,000	111,344	1,241,344
Totals	$ 45,564,000	$ 16,979,984	$ 62,543,984	$ 10,891,000	$ 3,870,399	$ 14,761,399

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

F. LONG-TERM OBLIGATIONS (cont.)

Bond Anticipation Notes

Bond anticipation notes are payable from future debt proceeds.

Bond anticipation notes at December 31, 2008, consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebted-ness	Balance 12-31-08
GOVERNMENTAL ACTIVITIES					
Bond Anticipation Notes					
Series 2006	09/19/06	09/01/11	4.00%	$1,885,000	$1,885,000

Debt service requirements to maturity are as follows:

	Governmental Activities Bond Anticipation Notes		
Years	Principal	Interest	Total
2009	$ -	$ 75,400	$ 75,400
2010	-	75,400	75,400
2011	1,885,000	75,400	1,960,400
Totals	$1,885,000	$ 226,200	$2,111,200

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 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, 2008, $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:

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

F. LONG-TERM OBLIGATIONS (cont.)

Prior Year Defeasance of Debt (cont.)

General Obligation Bonds	Amount Defeased	Callable Dates	Paid-in-full Date
Community development bonds, Series 1998D	$3,395,000	November 1, 2008	November 1, 2008
Corporate purpose bonds, Series 2000A	200,000	October 1, 2009	N/A
Corporate purpose bonds, Series 2001A	1,950,000	October 1, 2011	N/A
Corporate purpose bonds, Series 2002A	205,000	October 1, 2012	N/A
Total Defeased Debt	$5,750,000		

In January 2006, the Water Utility issued $2,640,000 Water Utility Revenue/Refunding Bonds in order to partially defease certain 2000C Water Utility Revenue 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, 2008, $1,340,000 of bonds outstanding are considered defeased. The bonds that have been defeased and the callable date on the bond issue are as follows:

Water Utility Revenue Bonds	Amount Defeased	Callable Date
Water Utility Revenue bonds, Series 2000C	$1,340,000	March 1, 2009
Total Defeased Debt	$1,340,000	

In January 2006, the Village issued $2,475,000 General Obligation Refunding Bonds in order to partially defease certain general obligation notes/bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old notes/bonds. Accordingly, the trust account assets and the liability for the defeased notes/bonds are not included in the Village's financial statements. At December 31, 2008, $2,375,000 of notes/bonds outstanding are considered defeased. Of this amount, $1,475,000 had been paid in full during 2006, with a remaining amount of $900,000 held in a trust account to be used to make the final payment at the callable date. The notes/bonds that have been defeased and the callable dates on those note/bond issues are as follows:

General Obligation Notes/Bonds	Amount Defeased	Callable Dates	Paid-in-full Date
Corporate purpose notes, Series 1997A	$ 165,000	September 1, 2005	March 1, 2006
Corporate purpose bonds, Series 1998A	1,310,000	October 1, 2006	October 1, 2006
Corporate purpose bonds, Series 2000A	900,000	October 1, 2009	N/A
Total Defeased Debt	$2,375,000		

In December 2007, the Stormwater Utility issued $3,440,000 Stormwater Utility Revenue/Refunding Bonds in order to partially defease certain 2000A General Obligation Corporate Purpose 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, 2008, $1,480,000 of bonds outstanding are considered defeased. The bonds that have been defeased and the callable date on the bond issue are as follows:

General Obligation Bonds	Amount Defeased	Callable Date
Corporate purpose bonds, Series 2000A	$1,480,000	October 1, 2009
Total Defeased Debt	$1,480,000	

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

F. LONG-TERM OBLIGATIONS (cont.)

Current Year Defeasance of Debt

In June 2008, the Sanitary Sewerage System issued $4,950,000, Sanitary Sewerage System Revenue/Refunding Bonds in order to partially defease certain 1998E, 2000B, and 2001B Sanitary Sewerage System Revenue 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, 2008, $4,745,000 of bonds outstanding are considered defeased. The bonds that have been defeased and the callable date on the bond issue are as follows:

General Obligation Bonds	Amount Defeased	Callable Dates	Paid-in-full Date
Sewer Utility Revenue bonds, Series 1998E	$1,470,000	March 1, 2007	July 7, 2008
Sewer Utility Revenue bonds, Series 2000B	2,470,000	March 1, 2009	N/A
Sewer Utility Revenue bonds, Series 2001B	805,000	March 1, 2010	N/A
Total Defeased Debt	$4,745,000		

The cash flow requirements of the refunded sanitary sewerage system revenue bonds, prior to the current refunding, was $6,574,410 from September 1, 2008 to March 1, 2021. The cash flow requirements of the 2008 refunding sanitary sewerage system revenue bonds are $6,295,475. The advance refunding resulted in an economic loss (difference between the present value of the debt service payments on the old and new debt) of $249,427. This unamortized balance of $239,188 at December 31, 2008, for business activities (net of amortization of $10,239), which is reported in the accompanying financial statements as a deduction from bonds and notes payable, is being amortized monthly on a straight-line basis and charged to operations as interest and fees on long-term debt through the maturity date of the bonds.

G. GOVERNMENTAL ACTIVITIES NET ASSETS/FUND BALANCES

Governmental Activities Net Assets

Governmental activities net assets reported on the government-wide statement of net assets at December 31, 2008, includes the following:

Invested in capital assets, net of related debt		
Land		$ 4,371,822
Right-of-ways		591,293
Construction in progress		61,166
Other capital assets, net of accumulated depreciation		58,654,633
Less: related long-term debt outstanding, discount, and issuance costs	($46,507,220)	
Add: unspent debt proceeds	297,975	(46,209,245)
Total Invested in Capital Assets		17,469,669
Restricted		
Block grant/revolving loans		744,594
Community Development Authority – TIF District #1 (debt service reserve)		4,493,426
Community Development Authority – TIF District #2 (debt service reserve)		251,133
TIF District #1 – capital projects fund (debt service reserve)		96,540
Total Restricted		5,585,693
Unrestricted (deficit)		(11,018,246)
Total Governmental Activities Net Assets – December 31, 2008		$12,037,116

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

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

Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at December 31, 2008, include the following:

Major Funds - Details of Fund Balance	
Reserved Fund Balance	
General Fund	
Prepaid items	$ 57,161
Special Revenue Fund – Community Development Authority – TIF District #1	
Reserved for debt service	$4,493,426
Debt Service Fund	
Noncurrent receivables/advances	$ 279,708
Reserved for debt service	447,949
Total	$ 727,657
Capital Projects Fund – Street Projects	
Encumbrances	$ 54,154
Unreserved – Designated Fund Balance	
General Fund	
Surplus applied to the 2009 budget	$ 225,000
Landfill closure costs	7,638
Fire department - Act 102 EMS grant program/miscellaneous donations	15,391
Total	$ 248,029
Special Revenue Fund – TIF District #1	$ 752,424
Unreserved – Undesignated Fund Balance (Deficit)	
General Fund	$2,420,058
Capital Projects Fund – TIF District #1	$ (112,658)

Non-Major Funds – Details of Fund Balance	Reserved	Designated	Undesignated (Deficit)
Special Revenue Funds			
Recycling	$ -	$ 50,173	$ -
Mass transit	-	28,991	-
Block grant/revolving loan	535,440	209,154	-
TIF District #2	-	-	(110,129)
Environmental TIF District	-	-	(23,426)
Business Grants	-	-	(51,675)
Community Development Authority-TIF District #2	251,133	-	-
Aquatic center	-	3,191	-
Room taxes	-	27,325	-
Civic and social	-	5,251	-
Park and recreation	-	37,890	-
Sub-Total – Special Revenue Funds	786,573	361,975	(185,230)

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

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

Governmental Fund Balances (cont.)

Non-Major Funds – Details of Fund Balance (cont.)

	Reserved	Designated	Undesignated (Deficit)
Capital Projects Funds			
Facility projects	$ -	$ -	$ (221,110)
Public Safety Building	3,047	111,824	-
TIF District #2	-	135,451	-
Environmental TIF District	-	-	(34,201)
Sub-Total – Capital Projects Funds	3,047	247,275	(255,311)
Totals	$ 789,620	$ 609,250	$ (440,541)

Reserved for:	
Noncurrent receivables/advances	$ 535,440
Encumbrances	3,047
Debt service	251,133
Total balance reserved for – Non-Major Funds	$ 789,620

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	$ 26,509,332	$ 30,102,331	$ 15,443,328	$ 72,054,991
Accumulated Depreciation	(4,592,391)	(7,082,678)	(2,746,837)	(14,421,906)
Construction in Progress	3,985	-	-	3,985
Sub-Total	21,920,926	23,019,653	12,696,491	57,637,070
Less: Capital Related Debt				
Current portion of capital related long-term debt	169,000	355,000	220,868	744,868
Long-term portion of capital related long-term debt	3,011,300	4,425,000	4,988,491	12,424,791
Unamortized bond issuance costs	(36,573)	(19,774)	(18,085)	(74,432)
Unamortized loss on refunding	(4,242)	(239,188)	(57,253)	(300,683)
Unamortized discounts on bonds	(26,219)	(29,518)	(36,825)	(92,562)
Sub-Total	3,113,266	4,491,520	5,097,196	12,701,982
Add: Unspent Debt Proceeds Reserve from borrowing	396,218	541,549	317,467	1,255,234
Total Net Assets Invested in Capital Assets, Net of Related Debt	$ 19,203,878	$ 19,069,682	$ 7,916,762	$ 46,190,322

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 (440 hours for teachers) are eligible to participate in the System. Covered employees in the General/Teacher category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% 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, 2008, was $2,271,595; the employer's total payroll was $2,529,101. The total required contribution for the year ended December 31, 2008, was $261,107 or 11.5% 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, 2007 and 2006, were $244,380 and $222,860, 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 year's 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.

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.

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 2008 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 2008, the sewer utility paid $67,438 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 $1,239,387 at December 31, 2008, and the Village's applicable share of this debt was $350,331.

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.

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.

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. 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 76.63%, the City of Schofield to pay 19.24%, and the Town of Weston to pay 4.13% of the EMPD budget.

NOTE V – OTHER INFORMATION (cont.)

E. JOINT VENTURES *(cont.)*

Everest Metro Police Department (cont.)

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 $2,075,872 in 2008 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, 2008, which are the most recently audited financial statements, is as follows:

Assets	
Current assets	$ 525,083
Capital assets, net of depreciation	274,331
Total assets	$ 799,414
Liabilities	
Current liabilities	$ 231,070
Noncurrent portion of long-term obligations	186,550
Total liabilities	$ 417,620
Net Assets	
Invested in capital assets, net of related debt	$ 141,687
Unrestricted	240,107
Total net assets	$ 381,794
Revenue	
Received from Village of Weston	$2,075,872
Received from City of Schofield	528,890
Received from Town of Weston	108,672
Other revenue	183,227
Total revenue	2,896,661
Expenditures	2,867,894
Excess of revenues over (under) expenditures	28,767
Other financing sources (uses)	-
Net change in fund balance	$ 28,767

The financial and payroll administration of the EMPD is performed by the employees of the Village of Weston. In 2008, the EMPD paid the Village $30,000 for administrative services and $86,493 for rent.

NOTE V – OTHER INFORMATION (cont.)

F. SUBSEQUENT EVENTS

The Public Service Commission of Wisconsin (PSC) approved an overall 7% increase for the water utility on January 23, 2009. The PSC's rate order includes changes to the utility's operating rules and a 2-tiered rate structure with separate schedules for residential and non-residential customers. This is the first overall rate change for the utility since 1988.

G. 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, $16,130,000 in 2004, $10,240,000 in 2005, and $3,760,000 in 2007 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 2025 for TIF District #1 and in 2025 for TIF District #2. The future minimum lease payments under this lease are as follows:

Years	TIF #1 District	TIF #2 District	Grand Total
2009	$ 3,411,305	$ 246,142	$ 3,657,447
2010	3,649,481	232,010	3,881,491
2011	3,472,770	237,955	3,710,725
2012	4,123,853	233,275	4,357,128
2013	4,184,901	238,325	4,423,226
2014 and thereafter	38,491,868	2,519,328	41,011,196
Total	$57,334,178	$3,707,035	$61,041,213

The rental expense for the year ended December 31, 2008, was $2,321,651 for TIF District #1 and $167,793 for TIF District #2.

H. FUTURE CHANGE IN ACCOUNTING PRINCIPLE

In July 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement will require accrual-basis measurement and recognition of other post employment benefits cost over a period that approximates employees' years of service, as well as provide information about actuarial accrued liabilities and to what extent funding progress is being made. The Village will adopt the new standard beginning with its 2009 fiscal year, the year in which adoption is first required. The impact of applying the new statement has not yet been determined.