

**VILLAGE OF SHOREWOOD,  
WISCONSIN**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended  
December 31, 2013**

**VILLAGE OF SHOREWOOD**

Shorewood, Wisconsin

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Including Independent Auditors' Report

As of and For the Year Ended

December 31, 2013

Prepared by:

Finance Department

Mark Emanuelson, CPFO  
Finance Director

# VILLAGE OF SHOREWOOD

## TABLE OF CONTENTS As of and For the Year Ended December 31, 2013

	Page
<b>INTRODUCTORY SECTION</b>	
Transmittal Letter	1-4
GFOA Certificate of Achievement	5
Organizational Chart	6
Directory of Village Officials	7
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	8-10
Management's Discussion and Analysis	11-28
Basic Financial Statements	
Statement of Net Position	29
Statement of Activities	30-31
Balance Sheet – Governmental Funds	32-33
Reconciliation of the Balance Sheet to the Statement of Net Position	34
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	35-36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Fund Net Position – Proprietary Funds	38
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds	40-41
Statement of Fiduciary Net Position – Fiduciary Fund	42
Index to Notes to Financial Statements	43
Notes to Financial Statements	44-84

# VILLAGE OF SHOREWOOD

## TABLE OF CONTENTS As of and For the Year Ended December 31, 2013

	Page
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	85-86
Schedule of Funding Progress	87
Notes to Required Supplementary Information	88
<b>SUPPLEMENTARY INFORMATION</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	89-90
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	91-92
Special Revenue Funds Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	93-95
Debt Service Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	96
Capital Projects Funds Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	97-98
<b>STATISTICAL SECTION</b>	
Net Position by Component	99
Changes in Net Position	100-103
Fund Balances of Governmental Funds	104
Changes in Fund Balances of Governmental Funds	105-106
Assessed Value and Actual Value of Taxable Property	107
Property Tax Rates Direct and Overlapping Governments	108
Principal Property Taxpayers	109
Property Tax Levies and Collections	110

# VILLAGE OF SHOREWOOD

## TABLE OF CONTENTS As of and For the Year Ended December 31, 2013

	Page
<b>STATISTICAL SECTION</b>	
Ratios of Outstanding Debt by Type	111
Ratios of General Bonded Debt Outstanding	112
Legal Debt Margin Information	113
Computation of Direct and Overlapping Governmental Activities Debt	114
Demographic and Economic Statistics	115
Principal Employers	116-117
Village Employees by Function/Program	118
Capital Asset Statistics by Function/Program	119
Operating Indicators by Function/Program	120

INTRODUCTORY  
SECTION



AT THE EDGE OF THE CITY AND  
THE HEART OF EVERYTHING

May 19, 2014

To the Village Board and the Citizens of the Village of Shorewood, Wisconsin:

The Comprehensive Annual Financial Report of the Village of Shorewood as of and for the year, ended December 31, 2013, is herein submitted.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report based upon a comprehensive internal control framework that has been established for this purpose. As the cost of internal controls should not outweigh their benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Sikich LLP has issued an unmodified (“clean”) opinion on the Village of Shorewood’s financial statements for the year ended December 31, 2013. The independent auditor’s report is located at the front of the financial section of this report. Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **COMMUNITY PROFILE**

The Village of Shorewood is located in Milwaukee County and is the first suburb north of the City of Milwaukee on Lake Michigan. Shorewood, at just over 1.5 square miles, is bounded by the Milwaukee River on the west and the Village of Whitefish Bay to the north.

Incorporated as the Village of East Milwaukee (with a population of 300) in August of 1900, Shorewood is the fourth oldest suburb in the Milwaukee area. The small unique Village grew to a population of 1,215 by 1913; cement sidewalks were added in 1910, street signs and gas mains in 1913. Richland Court became the first paved street in the Village in 1913. In 1917, the name of the Village was changed to Shorewood to more accurately reflect the beautifully unique environment that bordered Lake Michigan on the east, which attracted both business and professional people to the Village of Shorewood; an exclusive community separated from the City of Milwaukee, but close to its many convenient resources.

Shorewood operates under a manager form of government. Under this form of government, a six-member Board of Trustees is elected at large and on a non-partisan basis. The Village President, who is also elected at large and on a non-partisan basis, presides at Village Board meetings and votes on all matters. The Village President has no veto power. Annual elections are held in April. The terms of office are 3 years but are overlapping so that the Village is provided with a continuity of knowledge in the Village business and legislative matters.

The Board is responsible for enacting ordinances, resolutions, and regulations governing the Village as well as the appointment of members of various statutory and advisory boards and the Village Manager. The manager is the chief executive officer who is the head of the administrative branch of the Village and is accountable to the Board for the proper administration of all affairs of the Village.

The Village provides a range of services including police, library, refuse, recycling, snow and leaf removal, on and off street parking, building inspections, licenses and permits, water and sewer services. Health services are provided by the North Shore Health Department and fire services are provided by the North Shore Fire Department.

The Village is required to adopt an annual budget during the preceding year. This budget serves as the foundation of the Village's financial planning and control. The budget is prepared by fund and department. Department heads may use resources within a department. The Village Board would need to approve any budget amendments.

## **LOCAL ECONOMY**

Located along the shores of Lake Michigan just north of Milwaukee, the Village of Shorewood is a demographically and economically vital and diverse community. The Village continues to be a desirable place to reside due to excellent services, high quality schools, parks, and exclusive shops and businesses, which all contribute to the perceived "high quality of life." Shorewood's employment base represents an excellent mix of service and retail establishments. Moreover, its proximity to downtown Milwaukee (just 5 miles south) enables residents to commute for employment.

The Village's property base is roughly 84% residential and 16% commercial with no industrial properties. Tax exempt properties are excluded from these totals. The Village is considered to be mostly built out in that very few vacant properties still exist within our boundaries. Since so much of our property tax base is residential in nature the Village focuses on helping homeowners maintain their properties through programs like the neighborhood loan program. This program provides no interest loans for qualified home improvements and loans are not due until the property is sold or refinanced.

The Village's single-family housing was constructed almost entirely in the period from 1915 to 1945, and can be characterized as being in the middle to upper-middle price range in the Milwaukee area market. The Village also has a substantial number of multifamily housing units, consisting of rental and condominium units, which occupy the same middle to upper-middle market niche.

In 2011, the Cornerstone project added 25 apartments with four commercial spaces on the first floor. During 2012 construction was in progress on two additional mixed use apartment buildings, the Ravenna and the Lighthouse project. The Ravenna building was completed in early 2013 and will accommodate 22 apartments with 7,500 square feet of first floor retail space. The Lighthouse project will be completed in 2014 and includes approximately 18,700 square feet of retail and retail support space, 84 apartment units and 320 parking spaces both underground and within a new structure.

The Village is also in close proximity to the University of Wisconsin Milwaukee's campus (within about 1 mile). Many residents within the Village are students, professors or administrative personnel at the University.

## **LONG RANGE PLANNING AND FINANCIAL POLICIES**

In 2006 the Village undertook a visioning plan. The plan was an effort to help define the ten year goals for the Village. This visioning project serves as the umbrella plan for several other initiatives, including comprehensive business district planning, positioning, branding initiatives, and long-range financial planning. This plan was updated in 2009 and will be updated again in 2014.

One of the major components of our planning initiatives is to assure infrastructure maintenance is a priority. Annually, the Village Board reviews the long range Financial Management Plan which looks forward to 2023. This plan focuses on significant capital needs, on-going capital maintenance requirements, and projects future annual operating budgets, potential property values, tax levy needs, debt service levels and future budget gaps. The Village's overall budget process begins with a look at this plan and how we stand in relation to our financial targets.

The long range financial plan discusses the financial policy guidelines. One such guideline relates to General Fund, fund balances. The plan targets General Fund, fund balance at 30% of revenues and limits the reasons for using fund balance to capital, one-time, or investment in the community uses.

During 2011 the Village's contracted assessor made an error in reporting tax incremental district property values to the state. This resulted in the Village's TID levy being overstated for 2012. This increase would have been corrected in the following year by decreasing the TID levy by double that amount. In order to avoid this rollercoaster affect, the Village decreased our 2012 General Fund tax levy by the amount the TID levy was overstated, \$1,460,298 so the net effect to the taxpayer in 2012 was zero. The Village then increased the 2013 levy by twice that amount, again netting out with the change in the TID levy, so that residents are not impacted. This decrease to the 2012 tax revenues, resulted in a decrease to the Village's General Fund, fund balance in 2012. This reduction of fund balance has now been restored in 2013.

Due to the Village's strong history of financial planning and our healthy local economy, the Village has maintained a credit rating of Aa2 from Moody's Investor Service.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Shorewood for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. This was the second year that the government has achieved this prestigious award in recent years. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Village also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the year beginning January 1, 2013. To qualify for the Distinguished Budget Presentation Award, the Village's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all Village departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Village President, Village Manager and the Village Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Village of Shorewood's finances.

The Village would like to recognize the Sikich LLP, audit management team, for their dedication and expertise, which contributed significantly to the report quality and adherence to professional accounting standards.

Respectfully submitted,



M. Chris Swartz  
Village Manager



Mark Emanuelson, CPFO  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

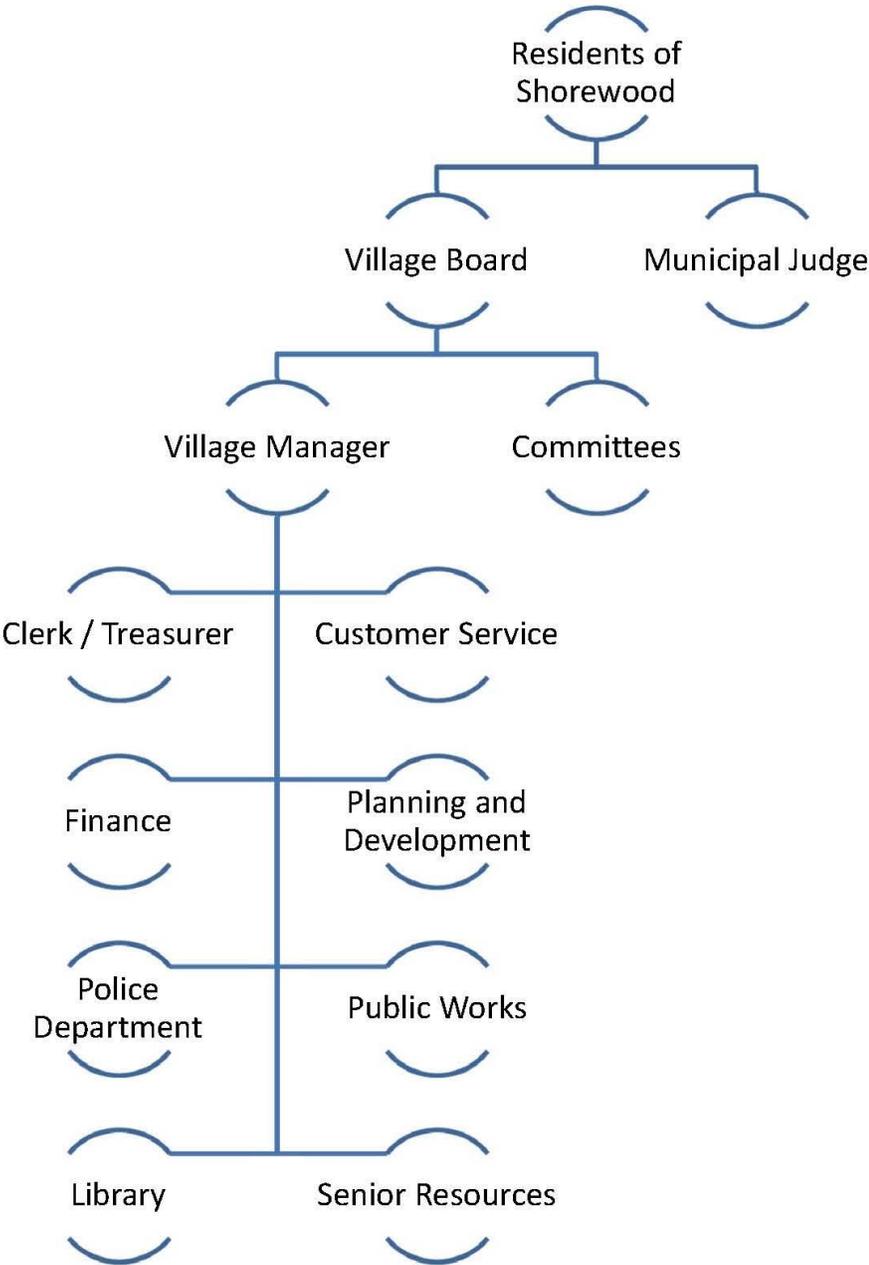
**Village of Shorewood  
Wisconsin**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

# Village of Shorewood, Wisconsin Organizational Chart



# VILLAGE OF SHOREWOOD

## Directory of Village Officials

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### Members of the Village Board

Guy Johnson	Village President
Tammy Bockhorst	Village Trustee
Jeff Hanewall	Village Trustee
Patrick Linnane	Village Trustee
Michael Maher	Village Trustee
Ann McKaig	Village Trustee
Thad Nation	Village Trustee

### Administrators

M. Chris Swartz	Village Manager
David Banaszynski	Chief of Police
Leeann Butschlick	Director of Public Works
Peter Cahill	Special Projects Coordinator
Beth Carey	Director of Public Library
Diane DeWindt-Hall	Assistant to the Village Manager / Customer Service Director
Sherry Grant, WCMC, CMC	Village Clerk/Treasurer
Ericka Lang	Planning and Zoning Administrator
Paul Wasemiller	Assistant Director of Public Works
Mark Emanuelson, CPFO	Finance Director

FINANCIAL  
SECTION



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Certified Public Accountants & Advisors  
*Members of American Institute of Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Trustees  
Village of Shorewood  
Shorewood, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Shorewood, Wisconsin (the Village), as of and for the year ended December 31, 2013, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Business Improvement District of the Village of Shorewood, which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amount included for the Business Improvement District of the Village of Shorewood, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Village of Shorewood, Wisconsin, as of December 31, 2013, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, supplementary information and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other used to prepare the basic financial statements or to the basic financial statements themselves and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink, appearing to read "Sipich LLP". The signature is written in a cursive, flowing style.

Naperville, Illinois  
April 30, 2014



AT THE EDGE OF THE CITY AND  
THE HEART OF EVERYTHING

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
As of and For the Year Ended December 31, 2013  
(Unaudited)**

The Village of Shorewood's management offers this narrative overview and analysis of the Village's financial statements. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found preceding the independent auditor's report.

**FINANCIAL HIGHLIGHTS**

The more significant transactions that impacted the Village's financial picture during 2013 were:

- The Village issued \$5.29 million in refunding debt at the end of 2013. Of the total issued, \$1.7 million was used for an advance refunding of the Village's series 2005B debt issue. The remaining 3.59 million will be used for a current refunding of the Village's series 2010A debt issue in January of 2014.
- The Village's net investment in capital assets decreased in 2013 by \$3,343,716. This is a temporary condition created primarily due to the timing of the refunding of the 2010A debt issue whereby the debt was issued for refunding at the end of 2013 however the actual refunding itself will not be completed until January 2014. This results in the Village carrying both the original debt and the refunding debt as of December 31, 2013. The Village also made its scheduled debt repayments of \$1.9 million and conveyed \$1.8 million to the 2010A debt refunding escrow account in 2013. As a result of the combined impact of these items, the Village's total change in net position was a decrease of \$668,893, and the unrestricted net position increased by \$2,669,399 in 2013.
- During 2011 the Village's contracted assessor made an error in reporting tax incremental district property values to the state. This resulted in the Village's TID levy being overstated for 2012. This increase is corrected in the following year by decreasing the TID levy by double that amount. For 2012, this resulted in the Village's TIDNo. 1 tax increment being substantially higher than in past years. In order to avoid having tax payers experience a significant tax increase, followed by a large decrease, the Village decreased our General Fund tax levy by \$1,460,298 so the net effect to the taxpayer in 2012 was zero. The Village in 2013 then increased levy by twice that amount, again netting out with the change in the TID levy, so that residents are not impacted. This increase to the 2013 tax revenues, results in an increase to the Village's General Fund, fund balance in 2013 in order to restore the 2012 deficit.

- The Village's General Fund. Fund balance increased \$1,651,643, primarily due to the 2013 counter adjustment for the 2011 assessment error. The Village would have added \$191,345 to fund balance, excluding the effect of that adjustment. The unassigned fund balance of the General Fund remained at a healthy 33% of current year revenues.

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

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the Village of Shorewood's finances in a manner similar to a private-sector business. They are presented in two statements, the Statement of Net Position and the Statement of Activities (pages 32-33).

Both of these financial statements distinguish functions of the Village of Shorewood that are principally supported by taxes (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees (business-type activities). The governmental activities of the Village include general government, public safety, public works, health, culture and recreation, and conservation and development. The business-type activities of the Village include the Water, Sewer, and Parking Utilities. The Village's component unit, the Business Improvement District (BID) is presented as a discrete column in the Statement of Net Position and Statement of Activities.

## STATEMENT OF NET POSITION

The following table summarizes the Village's Statements of Net Position from 2013 and 2012.

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 32,899,457	\$ 30,989,468	\$ (6,664)	\$ 466,577	\$ 32,892,793	\$ 31,456,045
Capital assets	<u>24,731,811</u>	<u>25,441,242</u>	<u>17,243,174</u>	<u>16,928,690</u>	<u>41,974,985</u>	<u>42,369,932</u>
Total assets	<u>57,631,268</u>	<u>56,430,710</u>	<u>17,236,510</u>	<u>17,395,267</u>	<u>74,867,778</u>	<u>73,825,977</u>
Deferred outflows	<u>132,975</u>	<u>40,035</u>	-	-	<u>132,975</u>	<u>40,035</u>
Long-term debt	38,519,342	36,690,192	9,060,093	9,573,513	47,579,435	46,263,705
Other liabilities	<u>3,072,863</u>	<u>1,056,052</u>	<u>391,573</u>	<u>501,544</u>	<u>3,464,436</u>	<u>1,557,596</u>
Total liabilities	<u>41,592,205</u>	<u>37,746,244</u>	<u>9,451,666</u>	<u>10,075,057</u>	<u>51,043,871</u>	<u>47,821,301</u>
Deferred inflows	<u>10,776,127</u>	<u>12,061,130</u>	-	-	<u>10,776,127</u>	<u>12,061,130</u>
Net investment in capital assets	9,865,669	13,704,213	8,661,976	8,271,762	16,859,757	20,207,996
Restricted	3,739,908	74,174	-	-	3,739,908	74,174
Unrestricted (deficit)	<u>(8,209,666)</u>	<u>(7,115,016)</u>	<u>(877,132)</u>	<u>(951,552)</u>	<u>(7,418,909)</u>	<u>(6,298,589)</u>
Total net position	<u>\$ 5,395,911</u>	<u>\$ 6,663,371</u>	<u>\$ 7,784,844</u>	<u>\$ 7,320,210</u>	<u>\$ 13,180,756</u>	<u>\$ 13,983,581</u>

Changes in capital assets and long term debt are described in more detail in those sections of this report.

### ***Governmental Activities – Statement of Net Position***

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable, prepaid items, internal balances and loans receivable. Total current and other assets increased by \$1.9 million. This increase was largely due to the 2013 tax levy adjustment of \$1.46 million relating to the final correction for the 2011 assessment error. This adjustment was intended to restore the 2012 deficit that resulted from this process.

Deferred outflows are related to the losses on the advanced refundings done in 2011 and 2013, which will be amortized through 2021.

Other liabilities include accounts payable and accrued payroll and the related liabilities. These increased \$2 million from the previous year. In 2013 the Village has recorded a \$1.6 million payable at year end in the TIDNo. 4 fund relating to a developer grant. The 2013 balance also includes significant payables related to work done in 2013 for capital related projects.

Deferred inflows represent unearned revenue for taxes levied in December, 2013. These taxes represent revenue for the 2014 fiscal year and accordingly are not considered to be revenue in 2013. The decrease in deferred inflows is due to the \$1.46 million tax levy adjustment from 2012 has completed the adjustments for the 2011 assessment error and will no longer be required in future years.

The net investment in capital assets represents the Village's equity in its capital assets which was 39.9% of the historical cost of assets. This can be thought of as the Village's ownership in those capital assets. This percentage decreased from 53.8% in 2012 due to the timing of issuing approximately \$3.5 million of refunding debt at year end; however the actual refunding itself will not be completed until January 2014.

Capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Shorewood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Village annually levies a tax in order to pay the next year's installment of principal and interest on long term debt.

A portion of the Village's net position represents resources that are subject to external restrictions on how they may be used. Restricted net position consists of amounts with grant or donor restrictions. The remaining unrestricted net position may be used to meet ongoing obligations to citizens and creditors. It is not unusual for municipal unrestricted net position to be negative as certain expenses included in the Statement of Activities are reported on a full accrual model, such as unmatured long term debt, accrued interest payable, compensated absences and the unfunded portion of other postemployment benefits. However, these expenses are not currently due, and therefore, will be funded with future years' revenues. This timing difference between the recognition of liabilities (as incurred) and when liabilities will be paid (which determines when the Village will levy taxes for these liabilities) creates the deficit unrestricted net position.

### ***Business-Type Activities – Statement of Net Position***

Business-type activities current and other assets consist mainly of cash, accounts receivable and internal balances. These assets decreased by \$473,000. This decrease was a decrease in restricted cash as prior bond proceeds were used to construct capital assets in 2013.

Long term debt decreased by \$514,000 due to the making scheduled debt payments.

Other liabilities are similar to those found within the governmental activities and include accounts payable and accrued payroll liabilities. There was a \$109,971 decrease in accounts payable and other liabilities in 2013 compared to 2012.

Net investment in capital assets, net of related debt represents the Village's equity in its capital assets. At year end the Village's business-type activities owned 50.2% of the capital assets free of debt. The remaining 49.8% still have debt associated with them. This percentage is similar to the 48.8% in 2012.

### **STATEMENT OF ACTIVITIES**

The Statement of Activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The table below summarizes the Statements of Activities for 2013 and 2012.

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,459,202	\$ 1,319,962	\$ 3,627,146	\$ 3,286,396	\$ 5,086,348	\$ 4,606,358
Operating grants & contributions	1,030,409	1,025,336	-	-	1,030,409	1,025,336
Capital grants & contributions	484,729	200,913	-	275,000	484,729	475,913
<b>General revenues</b>						
Property taxes	12,061,130	12,122,900	-	-	12,061,130	12,122,900
Other revenues	910,600	1,011,078	35,438	66,221	946,038	1,077,299
Total revenues	<u>15,946,070</u>	<u>15,680,189</u>	<u>3,662,584</u>	<u>3,627,617</u>	<u>19,608,654</u>	<u>19,307,806</u>
<b>Expenses</b>						
General government	1,210,825	1,305,008	-	-	1,210,825	1,305,008
Public safety	7,039,505	6,988,644	-	-	7,039,505	6,988,644
Public works	4,134,351	3,422,047	-	-	4,134,351	3,422,047
Health and social services	300,698	299,287	-	-	300,698	299,287
Culture & recreation	1,345,701	1,283,662	-	-	1,345,701	1,283,662
Conservation & development	2,250,391	1,110,846	-	-	2,250,391	1,110,846
Interest on long-term debt	1,078,014	1,367,838	-	-	1,078,014	1,367,838
Parking	-	-	174,076	184,432	174,076	184,432
Water	-	-	1,330,211	1,390,015	1,330,211	1,390,015
Sewer	-	-	1,547,718	1,624,196	1,547,718	1,624,196
Total expenses	<u>17,359,485</u>	<u>15,777,332</u>	<u>3,052,005</u>	<u>3,198,643</u>	<u>20,411,490</u>	<u>18,975,975</u>
<b>Change in Net Position Before</b>						
Special Item and Transfers	(1,413,415)	(97,143)	610,579	428,974	(802,836)	331,831
Special item	-	-	-	(300,000)	-	(300,000)
Transfers	145,945	159,760	(145,945)	(159,760)	-	-
Total Change in Net Position	<u>(1,267,470)</u>	<u>62,617</u>	<u>464,634</u>	<u>(30,786)</u>	<u>(802,836)</u>	<u>31,831</u>
Net position, Jan 1	<u>6,663,371</u>	<u>6,600,754</u>	<u>7,320,210</u>	<u>7,350,996</u>	<u>13,983,581</u>	<u>13,951,750</u>
Net position, Dec 31	<u>\$ 5,395,901</u>	<u>\$ 6,663,371</u>	<u>\$ 7,784,844</u>	<u>\$ 7,320,210</u>	<u>\$ 13,180,745</u>	<u>\$ 13,983,581</u>

### ***Significant Changes in Governmental Activities***

Overall, the Village's governmental activities decreased net position by \$1,267,470 in 2013. This decrease was due to expenses exceeding revenues by \$1,413,415 which is then offset by an increase due to transfers of \$145,945. The transfers are Payments In Lieu Of Taxes (PILOT's) from the utilities to the General Fund. The change in net position is due to individual revenue and expense changes are addressed below.

#### **Governmental Activities – Revenues**

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. Charges for services are primarily made up of licenses, permits, fees for service and fines. The Village's main operating grants are State resources received for highway maintenance and recycling programs. Capital grants fluctuate annually and are received to assist the Village with capital asset purchases. The table below compares governmental activities' revenues for 2013 and 2012 and significant changes are discussed below the table.

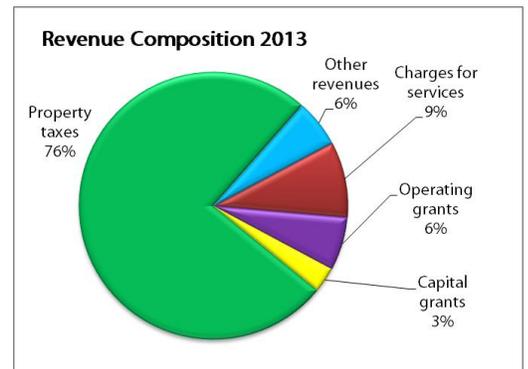
Governmental activities

Revenues	2013	2012	Chg	% chg
<b>Program reveues</b>				
Charges for services	\$ 1,459,202	\$ 1,319,962	\$ 139,240	10.5%
Operating grants	1,030,409	1,025,336	5,073	0.5%
Capital grants	484,729	200,913	283,816	141.3%
<b>General revenues</b>				
Property taxes	12,061,130	12,122,900	(61,770)	-0.5%
Other revenues	<u>910,600</u>	<u>1,011,078</u>	<u>(100,478)</u>	<u>-9.9%</u>
<b>Total revenues</b>	<b><u>\$ 15,946,070</u></b>	<b><u>\$ 15,680,189</u></b>	<b><u>\$ 265,881</u></b>	<b><u>1.7%</u></b>

Charges for services increased by \$139,240 in 2013. The major sources for this change was that intergovernmental charges increased by slightly more than \$200,000 in public works in 2013 due to a change in accounting practices that now characterizes chargebacks for services provided to other local governments as revenues instead of contra expenditures as has been past practice. Examples of these expenditures are shared fuel and refuse pass through costs. This increase was offset by a reduction of approximately \$84,000 in parking and court fines.

Capital grants and contributions fluctuate annual depending on the capital projects and are typically non-recurring revenues. In 2013 the capital grants were received for: a matching reimbursement of spending for work done as part of a MMSD sanitary sewer private property inflow and infiltration project and special assessment revenue for the Village’s bi-annual sidewalk program. In 2012 these revenues consisted of revenues for shared capital asset purchases, contribution of one half of the costs of a new alley by a developer and a State grant through the Local Road Improvement Program, which is a bi-annual program

Property tax revenue decreased slightly from 2012 by just over \$60,000. The Village’s TID tax levy decreased by \$3,167,422, this levy is based on the tax levy of all overlying taxing units. The taxes for that fund are determined based on increases in reported value within the TID combined with any property tax increased by all taxing units. Due to the assessment error which overstated the TID values for the previous year, this levy was substantially lower than in past years. The General Fund tax levy increased by \$3,030,899, of which \$2,920,596 was related to the assessment error and an \$110,303 increase in the levy for general operations.



As identified above and on the chart to the right, property taxes are the largest revenue sources for governmental activities. Property taxes account for approximately 76% of total governmental activities revenues in 2013. In 2012 they made up 77% of total revenues.

## Governmental Activities – Expenses

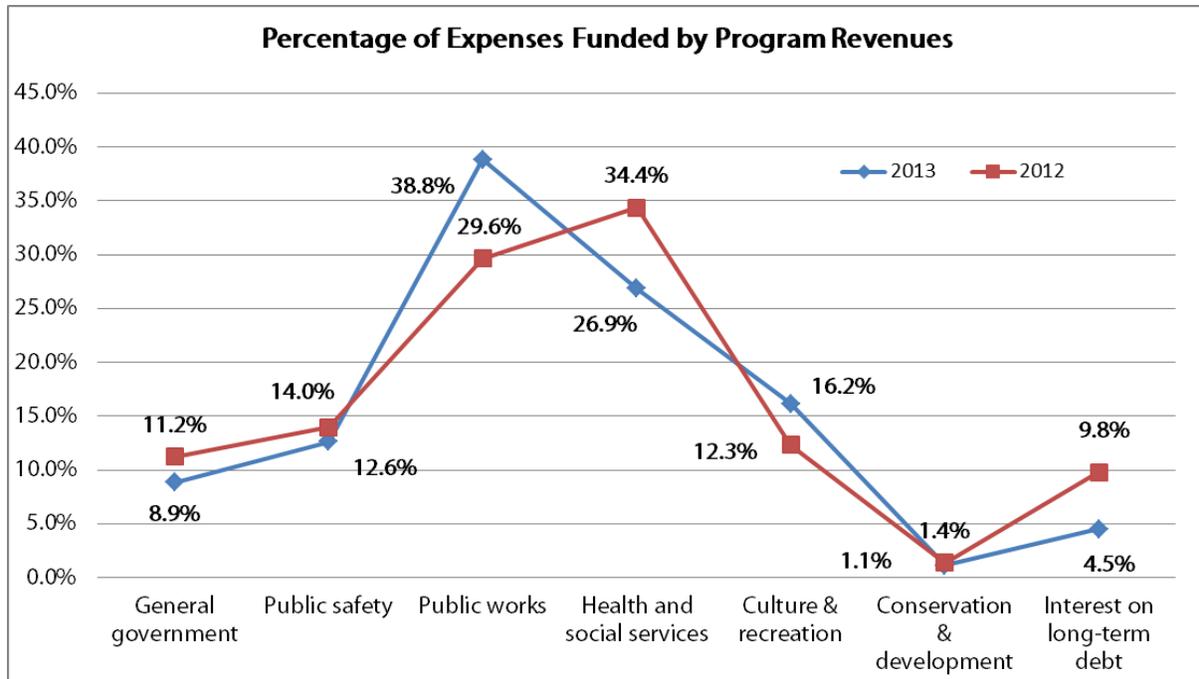
Governmental activities expenses are broken down into various functions. General government includes costs such as village board, municipal court, management, clerk/treasurer, customer service, finance, elections, village attorney and marketing. Costs associated with the Village's police department, planning and building inspection, and contributions for fire and dispatch services are shown within the public safety function. The public works function includes expenses for street and sidewalk maintenance, winter and forestry operations, refuse, recycling and yard waste, as well as building maintenance. Health and social services include expenses incurred for providing health programs to the general public such as restaurant licensing, immunizations and health clinics as well as senior programming. Culture and recreation expenses include the costs of park maintenance, special events and library services. Conservation and development expenses include economic development activities within the Village's tax incremental financing districts. The table below compares 2013 and 2012 expense by function. The reasons for fluctuations of more than \$100,000 and 5% of the previous year are described following the table.

Governmental activities				
Expenses	2013	2012	Chg	% chg
General government	\$1,210,825	1,305,008	\$ (94,183)	-7.2%
Public safety	7,039,505	6,988,644	50,861	0.7%
Public works	4,134,351	3,422,047	712,304	20.8%
Health and social services	300,698	299,287	1,411	0.5%
Culture & recreation	1,345,701	1,283,662	62,039	4.8%
Conservation & development	2,250,391	1,110,846	1,139,545	102.6%
Interest on long-term debt	<u>1,078,014</u>	<u>1,367,838</u>	<u>(289,824)</u>	<u>-21.2%</u>
Total Expenses	<u>\$ 17,359,485</u>	<u>\$ 15,777,332</u>	<u>\$ 1,582,153</u>	<u>10.0%</u>

The public works function of expenses increased 20.8%. The majority of this change was because in 2012 expenses included a one-time capital outlay credit of \$786,000 for utility capital infrastructure, and also a loss on disposal of capital assets of \$235,000 which primarily related to roads which were replaced but not fully depreciated. These two items generated a net change of \$550,000 to Public works costs in 2012. In 2013, there were similar costs, however absent those adjustments, reported expenses were higher.

In 2013 there was \$1,607,839 for a developer grant which was earned in 2013 recorded in the TID No. 4 Fund. Compared to 2012, this increase was primarily offset by a net decrease of \$500,000 in developer subsidies in the TID No. 1 Fund which did not occur in 2013.

As mentioned within the revenues section, program revenues are revenues intended to pay for a certain activity or function. The graph below illustrates how much of each function's expenses are funded by program revenues. All expenses not funded through program revenues are financed with general revenues, primarily property tax levy. The Public Works function was the most funded by program revenues at slightly over 40%. This is due largely to the fact that the Village received nearly \$750,000 in State Transportation Aids which were assigned by the Village to support Public Works operations and capital expenditures. While the Health and Social Services function was also funded significantly by program revenues, this function area represents less than 2% of the Village's total expenses.



### Business-Type Activities – Revenues

Unlike the governmental activities, the Village’s business-type activities are financed primarily by user charges. The Village bills water and sewer fees to its customers on a quarterly basis. Any utility bill not paid by the tax levy date is placed on the property owner’s tax bill. Parking Utility revenues are derived from the sale of monthly parking passes. A summary of these charges is shown below.

Revenues	Business-type activities			
	2013	2012	Chg	% Chg
Program revenues				
Parking	\$ 220,878	\$ 214,015	\$ 6,863	3.2%
Water	1,451,987	1,387,793	64,194	4.6%
Sewer	<u>1,954,281</u>	<u>1,684,588</u>	<u>269,693</u>	16.0%
Charges for services	3,627,146	3,286,396	340,750	10.4%
Other revenues	<u>35,438</u>	<u>341,221</u>	<u>(305,783)</u>	<u>-89.6%</u>
Total revenues	<u>\$ 3,662,584</u>	<u>\$ 3,627,617</u>	<u>\$ 34,967</u>	<u>1.0%</u>

Water Utility charges for services increased due to a water rate increase of 29% that was put into place with the 2012 third quarter billing. This rate increase was realized for the entire 2013 year, as compared to only half of the year in 2012. Sewer Utility revenues increased as the Village completed a 33% rate increase in second quarter of 2013. Water consumption which is used for both water and sewer charges decreased 6.7% in 2013 over 2012.

Other revenues largely represent investment income and capital contribution for utility infrastructure. In 2012 there was a \$275,000 contribution received towards sanitary sewer construction. No capital contributions were received in 2013

## Business-Type Activities – Expenses

The table below compares the Village’s business-type activities’ expenses from 2013 to 2012.

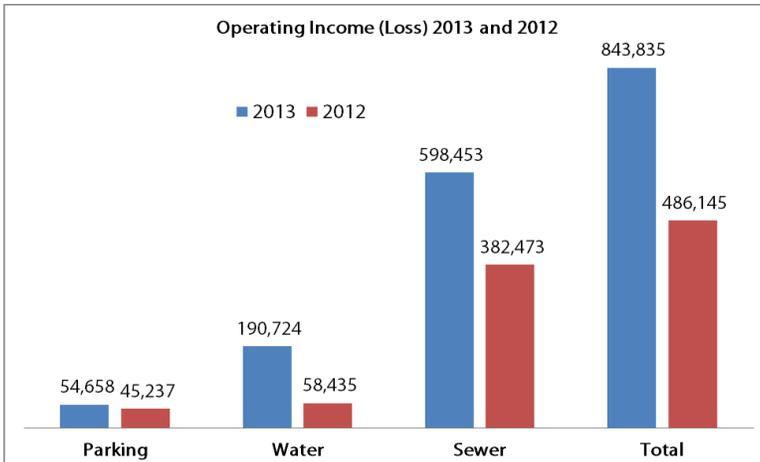
Expenses	Business-type activities			
	2013	2012	Chg	% Chg
Parking	174,076	184,432	\$ (10,356)	-5.6%
Water	1,330,211	1,390,015	(59,804)	-4.3%
Sewer	1,547,718	1,624,196	(76,478)	-4.7%
Total expenses	<u>\$ 3,052,005</u>	<u>\$ 3,198,643</u>	<u>\$ (146,638)</u>	<u>-4.6%</u>

Parking Utility expenses decreased in 2013 as the costs for salaries and benefits were less than 2012. This reduction was offset by a net debit balance in the expenditures charged to others account as the Village has changed how the costs of services for police enforcement of parking regulations are reported in 2013. In addition, depreciation expense was also \$14,000 lower than in 2012 as several Parking Utility assets have now been fully depreciated.

Water Utility expenses include all costs necessary to provide water to homes and businesses within the Village. Water is purchased from the City of Milwaukee’s Water Utility, Milwaukee Water Works, so internal expenses relate chiefly to maintenance of infrastructure. The Water Utility experienced a 2% per 100ccf of purchased water cost increase from Milwaukee Water Works in 2013. However, due to a decrease of 10.4% in the volume of water purchased compared to 2012, actual purchased water costs decreased by \$48,635 in 2013. In 2013 the Shorewood Water Utility’s purchased water was largely based on Milwaukee Water Works estimates due to a metering failure at the Downer Avenue meter pit which monitors the flow of water between the utilities.

Sewer Utility expenses include all costs necessary to provide services to the homes and businesses within the Village. Waste water is conveyed from the village to the Milwaukee Metropolitan Sewer District (MMSD) for treatment, so internal expenses relate chiefly to maintenance of infrastructure. In 2013 the Sewer Utility had reduced expenditures of \$145,000 in three major line items relating to debt issuance costs, grant expenses, and transfers. However there were also \$86,000 of increases in interest payments, liability insurance, and depreciation expenses. Overall, the Sewer Utility had a net decrease in expenditure of \$76,478 in 2013.

Business-type activities increased the Village of Shorewood’s net position by \$464,634 in 2013 compared to a decrease of \$30,786 in 2012. Much of the addition to net position in 2013 is related to a current year reduction in long term debt. Additional debt financing will be needed to fund capital projects in 2014. The reasons for individual changes in revenues and expenses are described above. It may also be useful to compare the operating income and losses for each segment between the two years. The graph below summarizes operating results. The rate increases completed in the water utility during 2012, in the sewer utility in 2013 have helped both utilities show positive operating results this year. Due to the substantial amount of capital infrastructure additions that the Sewer Utility is undertaking, a larger operating income is necessary to cover the costs of debt payments for these capital projects.



## FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Shorewood, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Shorewood can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 29-34 of this report.

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

The Village of Shorewood maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, General Capital Projects Fund, and Tax Incremental Financing District No. 1 and No. 4, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

## **GOVERNMENTAL FUNDS – FUND BALANCE**

As of December 31, 2013, the Village's governmental funds reported combined ending fund balance of \$19.1 million, an increase of \$900,000 from the previous year. Almost twenty (19.6%) percent of the Village's total fund balance is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending as it has already been committed for prepaid items, non-current receivables or other purposes. This increase is mainly due to restoration of the General Fund balance in 2013 as it relates to the offsetting \$1,460,298 levy adjustments in 2012 and 2013 due to the 2011 assessment error. This was then mitigated by expenditures of prior period resources in the Capital funds.

The General Fund is the chief operating fund of the Village. At year end, total fund balance in the General Fund was \$6,106,401 of which \$3,967,631 was unassigned. The General Fund unassigned fund balance represents 33.2% of total General Fund revenues. This was a increase of \$965,600 from a total unassigned fund balance of \$3,002,031 or 29.3% in 2012. Unassigned fund balance can be thought of as the residual fund balance category within the General Fund. This category of fund balance increased in 2013 as the Village increased the property tax levy within the General Fund due to the assessment error previously discussed. The General Fund's overall fund balance increased in 2013 by \$1,651,643.

The General Capital Projects Fund had a decrease in fund balance of \$1,083,386. In 2012 the Village borrowed for the completion of the 2012 road program as well as for the engineering for the 2014 road program and for sanitary sewer lateral rehabilitation. The engineering costs and sanitary sewer lateral replacement were not done until 2013. The total unspent bond proceeds in the Capital Projects Fund were \$1.3 million in 2012. These proceeds have now been used in 2013.

TID No. 1's fund balance decreased in 2013, by \$1.53 million, of which \$1.3 million was debt service costs not supported by current year tax increment due to the assessment error, and \$135,000 of business incentive loans.

TID No. 4's fund balance decreased \$1.75 million due to developer subsidies of \$1.6 million and debt service costs of \$226,771 paid for from prior year unspent debt proceeds. TID No. 4 was established in 2011 as a three parcel TID as an overlay district taken from TID No. 1's boundaries.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village of Shorewood adopts an annual budget for its General Fund. A budgetary comparison schedule can be found on pages 85-86 of this report. There were no budget amendments completed during the year.

Overall the General Fund actual results exceeded the budget for revenues and expenditures. The 2013 budget included an additional tax levy of \$1,460,298 to offset the General Fund shortfall created from the 2012 decrease of tax levy by the amount of the assessment error. When adjusted for this structural recovery, the 2013 General Fund excess of revenues over expenditures of \$1,646,901 can be segmented into two parts, \$1,460,298 of structural recovery and \$185,793 attributed to 2013 operating budget results. Other significant changes between budget and actual results are addressed below:

## **Revenues and Other Financing Sources**

- Licenses and permits exceeded budget by \$41,929. This is due to various permit categories exceeding budget due to generally higher than expected activity in 2013.
- Fine revenues were under budget by \$79,785. This was due in general to court fines being under budget by \$40,575, and parking fines being under budget by \$44,285. The police department attributes this outcome as due to reduced activity as a result of the unusually harsh winter conditions.
- Charges for services exceeded budget by \$156,860. The major sources for this change was that intergovernmental charges increased by slightly more than \$200,000 in public works in 2013 due to a change in accounting practices that now characterizes chargebacks for services provided to other local governments as revenues instead of contra expenditures as has been past practice. Various other charges for services were slightly less than expected.
- Investment income was \$42,348 under budget due to limited reinvestment opportunities and mark-to-market adjustments of the Village's investments of approximately \$70,000 in 2013. This was somewhat countered by an increase in loan interest income of \$13,000 as the Village issued an 800,000 advance to the Water Utility in 2013.
- Other revenues exceeded budget by \$89,042. In 2013 the Village participated in a new special event that generated \$55,000 in miscellaneous revenues. In addition, the public works department exceeded budget by approximately \$20,000 due to various reimbursements for expenditures.
- Transfers in for the General fund include payments in lieu of taxes from the water, sewer and parking utilities, and a transfer from the library. Transfers in exceeded budget by \$34,790 due to new asset additions in 2013 and tax rate changes.
- Overall actual revenues and transfers in exceeded budget by \$197,760.

## **Expenditures and Other Financing Uses**

- Public Safety, the Police department returned \$113,870 which is approximately 3% of the departments budgeted expenditure. Of that amount, \$36,555 was due to unused retirement reserves budget for in 2013, and \$25,420 was due to a change in health insurance coverage. The remaining savings were from a broad range of activities throughout the department.
- Public Works activities were under budget by approximately \$5,000 in total for 2013. However there are numerous service areas with significant budgetary variances. This is due primarily to assigning all employees benefit costs in the 2013 budget to public works administration, but the distributing those costs to the various service areas through payroll processing as the actual services were provided. This was a new initiative in 2013. Additionally, in the refuse disposal service area there was a change in accounting practices that now characterizes chargebacks for services provided to other local governments as revenues instead of contra expenditures as has been past practice. There was approximately \$200,000 in chargebacks in 2013.

- Culture and Recreation activities were under budget by approximately \$2,000 in total for 2013. However there are numerous service areas with significant budgetary variances. The Parks and beautification and Atwater beach service areas were both under budget by \$27,155 and \$26,481 respectively, due to lower than anticipated staff costs. The Village celebrations department was over budget by \$52,574 primarily due to costs relating to an unbudgeted new special event.
- Conservation and Development, Forestry was over budget by \$89,617. This is due primarily to higher than anticipated staff costs and that all public works employees benefit costs in the 2013 budget were initially assigned to public works administration, but the distributing those costs to the various service areas through payroll processing as the actual services were provided. The forestry service area is a division of the public works department. This was a new initiative in 2013.
- Transfers out were over budget by \$60,238 in 2013. This was due to higher than anticipated costs related to the joint communications center records management system for which this transfer was designated to support.
- Overall expenditures and transfers out were \$96,069 under budget for the aforementioned reasons.

#### **PROPRIETARY FUNDS**

The Village uses one type of Proprietary fund, called Enterprise funds to report the same functions presented as business-type activities in the government-wide financial statement. The Village of Shorewood uses enterprise funds to account for its Water, Sewer and Parking Utilities.

The proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each utility. All three Utilities are considered to be major funds. The basic proprietary fund financial statements can be found on pages 38-41 of this report.

The net position of the Parking, Water, and Sewer Utilities at the end of the year was \$537,555, \$1,232,767 and \$6,014,522, respectively. The total net position of the Water and Sewer Utilities are much higher than the Parking Utility as those Utilities are capital intensive. This means more of their net position is included in the category net investment in capital assets. Unrestricted net position for the Parking, Water, and Sewer Utilities were \$204,229, deficit (\$745,181), and deficit (\$336,180). The unrestricted net position for the Parking Utility and Sewer Utilities remained relatively similar from 2012. As previously mentioned the Water Utility completed a rate increase in third quarter of 2012. The Sewer Utility completed a rate increase effective for the second quarter billing in 2013. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

#### **FIDUCIARY FUNDS**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Village of Shorewood's own programs. The Village maintains one fiduciary fund, the Tax Collection Fund which records the tax roll and tax collection for other taxing jurisdictions within the Village of Shorewood.

The fiduciary fund financial statement can be found on page 42 of this report.

## COMPONENT UNITS

Component units are separate legal entities that a primary government must include in its financial report for fair presentation in conformity with the Generally Accepted Accounting Principles (GAAP). They may be organizations for which elected officials of the primary government are financially accountable, or organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Village has two component units, the Shorewood Community Development Authority (CDA), which administers the development and redevelopment within the business district and the Tax Incremental Financing Districts of the Village, and the Shorewood Business Improvement District (BID), a twelve member board which permits businesses in the Village to develop, manage, and promote the local economy. BID's are financed through special assessments levied on properties within the district. Both the board of the CDA and the BID Board are appointed by the Village President, and approved by the Village Board.

The Village has included comparative data for the year 2012 to illustrate the changes in net position for the component unit. The CDA did not have any net position or financial transactions during the year. Therefore no amounts have been presented for this component unit.

The BID had a decrease in net position of \$58,000 over the previous year. The BID, as administrator of the façade program for the Village of Shorewood's Tax Incremental Financing District No. 1, \$52,000 of these funds was distributed during 2013, resulting in the decrease in net position. The BID is financed through special assessments on individual business owners, which are collected by the Village through the tax collection process and turned over to the District. The annual property tax amounts have remained relatively constant. The BID uses the accrual basis of accounting, and statements are audited by an independent certified public accounting firm on an annual basis.

Statement of Net Position	BID		Statement of Activities	BID	
	2013	2012		2013	2012
Cash	\$ 22,214	\$ 29,065	Revenues		
Other assets	32,084	82,571	Program revenues		
Total assets	54,298	111,636	Charges for services	\$ 22,550	\$ 14,238
Accounts payable	7,110	6,186	Operating Grants	21,000	25,000
Restricted net position - façade	5,434	57,571	General revenues		
Unrestricted net position	41,754	47,879	Property taxes	103,869	108,815
Total net position	\$ 47,188	\$ 105,450	Other general revenues	271	997
			Total revenues	147,690	149,050
			Expenses	205,952	250,175
			Change in Net Position	(58,262)	(101,125)
			Net Position Jan 1	105,450	206,575
			Net Position Dec 31	\$ 47,188	\$ 105,450

Combined financial information is presented as a discrete column in the statement of net position and statement of activities on pages 29 -31 of this report. The CDA did not have any net position or financial transactions during the year. Therefore no amounts have been presented for this component unit. Additional information for BID can be found on page 77 of this report.

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-84 of this report. The information provided below on capital assets and long-term debt can also be found within the footnotes to the financial statements.

### CAPITAL ASSETS

The Village's capital asset activity for 2013 and 2012 is summarized below.

Description	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Land and right of way	\$ 4,491,320	\$ 4,457,690	\$ 233,345	\$ 233,345
Artwork	330,000	330,000	-	-
Construction in progress (CIP)	165,013	32,052	186,747	144,738
Machinery and equipment	3,995,024	3,830,600	975,888	971,899
Intangibles	58,705	58,705	-	-
Building and improvements	8,534,348	8,471,968	-	-
Infrastructure	26,331,039	26,282,147	19,737,755	19,226,438
Total Capital Assets	43,905,449	43,463,162	21,133,735	20,576,420
Less accumulated depreciation	(19,173,638)	(18,021,920)	(3,890,561)	(3,647,731)
Capital assets, net of depreciation	<u>\$ 24,731,811</u>	<u>\$ 25,441,242</u>	<u>\$ 17,243,174</u>	<u>\$ 16,928,689</u>

Significant projects undertaken during the year include the following:

- In 2013 the Village capital expenditures included several vehicle and equipment purchases and a few modest infrastructure projects.
- The Department of Public works made equipment replacements totaling \$193,000. Major items purchased include a hook lift system, lift truck, waste hauler truck, and a fleet service vehicle.
- The Police department purchased two fully equipped squads for \$95,000 to replace existing patrol vehicles.
- Other significant additions included:
  - \$170,000 to complete road projects on Maryland Avenue, and
  - \$97,500 to complete sewer projects from the 2012 Basin 6 project, and
  - \$177,000 for lining of sanitary sewer pipes, and
  - \$185,000 in various water utility infrastructure improvements.

Additional information on the Village's capital assets can be found in Note III-D. on pages 65-66.

## LONG-TERM DEBT

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village of Shorewood is \$66,543,765 which exceeds the Village's current outstanding general obligation debt of \$45,483,875. This debt is entirely backed by the full faith and credit of the government. At year end the outstanding debt equaled 68% of the Village's state authorized debt limit.

Total general obligation debt increased by \$1.28 million during the year. The Village issued \$5.29 million in refunding debt at the end of 2013. Of the total issued, \$1.7 million was used for an advance refunding of the Village's series 2005B debt issue in 2013. The remaining 3.59 million will be used for a current refunding of the Village's series 2010A debt issue in January of 2014. The Village made its annual debt payments in accordance with the debt repayment schedules totaling \$4.16 million. While significant changes in the Village's long term debt are discussed above, the table below summarizes the ending balances for 2013 and 2012.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
General obligation debt	\$ 36,941,776	\$ 35,143,648	\$ 8,964,547	\$ 9,484,718
Pension	288,933	288,933	-	-
OPEB	687,457	640,632	40,870	33,107
Compensated absences	556,837	558,668	54,676	55,688
Retiree sick leave	44,339	58,311	-	-
Total	<u>\$ 38,519,342</u>	<u>\$ 36,690,192</u>	<u>\$ 9,060,093</u>	<u>\$ 9,573,513</u>

Additional information on the Village's long term debt can be found in Notes III-F and G on pages 70-74.

### ***Other Information***

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the required supplementary information and can be found on beginning on page 89 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

### ***General Economic Conditions***

The current recession and economic conditions have impacted all communities across the United States. The Village of Shorewood's municipal finances are not exempt from this crisis, but have remained relatively sheltered from some of the worst of the problems. One advantage our community has is that the collection of delinquent property taxes is taken over by Milwaukee County each August. The County then pays the Village for any uncollected balances. The Village's lack of reliance on variable revenue streams such as sales tax or real estate transfer fees have also helped the Village weather this storm; however we have still experienced an increase in unemployment, and decreases in interest income and may see future additional decline in state aids.

Unemployment rates for the Village of Shorewood specifically are not available but would be included within Milwaukee County's unemployment rates. The largest city within Milwaukee County is the City of Milwaukee which had an unemployment rate higher than the County total. Because the City's rate is higher than the total County rate, it is estimated that the Village's unemployment rate would be lower than the County total. Historical unemployment information can be summarized as follows:

Population	2009	2010	2011	2012	2013
City of Milwaukee	11.5%	9.7%	9.3%	9.6%	8.7%
Milwaukee County	9.7%	8.1%	7.8%	8.0%	7.9%
State of Wisconsin	8.8%	7.1%	6.6%	6.6%	6.3%
United States	9.7%	9.1%	8.3%	7.6%	6.7%

\* All percentages are seasonally adjusted December unemployment rates

Rates were obtained by using the Labor Force Estimates 1990 – Current Wisconsin Department of Workforce Development website found at:

[http://dwd.wisconsin.gov/oea/unemployment\\_rates\\_and\\_labor\\_force\\_estimates/](http://dwd.wisconsin.gov/oea/unemployment_rates_and_labor_force_estimates/).

### **Assessment Error**

As previously mentioned, the Village's assessment error impacted our 2012 property tax revenue in the TID No.1 fund and was offset by a decrease in the General Fund property revenues. In 2013, this was reversed and the General Fund levy related to the error increased by two times the \$1,460,298 (once to restore our levy base, and once to repay the shortage in 2012)

The State of Wisconsin is currently under strict property tax levy limits which would prohibit the Village from making this adjustment, as next year's levy cannot exceed this year's levy. However, the Village was able to obtain special legislation which allows the Village to make a one-time adjustment to our property tax base in order to accommodate this.

### **2014 Budget**

The 2014 budget includes the following changes from 2013:

- Property tax levy increase of 0.97%, which is a decrease of 3.33% for debt service, or \$45,976, and an increase of 1.64% for operations, or \$100,650 (excluding the effect of the assessment error discussed above).
- The Village's workforce is aging and approximately 18 employees are currently eligible for retirement. Approximately 38 employees or 45% of our total employees will be eligible for retirement in the next ten years. The Village provides health insurance to retirees until age 65, under certain qualifications. The 2014 budget includes funding for three undeclared retirees. The Village continues to monitor its exposure to these costs and has reduced these benefits for employees with fewer years of service and eliminated the benefit for new employees.
- Capital projects include \$2.1 million for road reconstruction, \$1.3 million for additional sanitary sewer improvements in Basin 6, \$860,000 for stormwater improvements in Basin 6, and \$419,000 in water system improvements.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Village of Shorewood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, 3930 N. Murray Avenue, Shorewood, WI 53211.

General information relating to the Village of Shorewood, Wisconsin, can be found at the Village's website, <http://www.villageofshorewood.org>.

VILLAGE OF SHOREWOOD

STATEMENT OF NET POSITION  
As of December 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,360,072	\$ 546,564	\$ 11,906,636	\$ 22,214
Investments	6,889,555	-	6,889,555	-
Receivables	4,673,902	839,897	5,513,799	26,650
Inventories	-	34,470	34,470	-
Prepaid items	125,446	-	125,446	-
Restricted asset - cash and cash equivalents	4,295,887	-	4,295,887	5,434
Internal balances	1,427,595	(1,427,595)	-	-
Loans receivable	4,127,000	-	4,127,000	-
Capital Assets				
Land	4,491,320	233,345	4,724,665	-
Artwork	330,000	-	330,000	-
Construction in progress	165,013	186,747	351,760	-
Other capital assets, net of depreciation	19,745,478	16,823,082	36,568,560	-
Total Assets	<u>57,631,268</u>	<u>17,236,510</u>	<u>74,867,778</u>	<u>54,298</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding	132,975	-	132,975	-
Total Deferred Outflows of Resources	<u>132,975</u>	<u>-</u>	<u>132,975</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	1,160,573	303,234	1,463,807	7,110
Liabilities payable from restricted assets	1,607,839	-	1,607,839	-
Accrued interest payable	304,451	88,339	392,790	-
Noncurrent Liabilities				
Due within one-year	5,668,361	567,029	6,235,390	-
Due in more than one-year	32,850,981	8,493,064	41,344,045	-
Total Liabilities	<u>41,592,205</u>	<u>9,451,666</u>	<u>51,043,871</u>	<u>7,110</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes levied for subsequent year's budget	10,776,127	-	10,776,127	-
Total Deferred Inflows of Resources	<u>10,776,127</u>	<u>-</u>	<u>10,776,127</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	9,865,669	8,661,975	16,859,756	-
Restricted for				
Debt service	3,705,261	-	3,705,261	-
Police grants	10,866	-	10,866	-
Library Auermilller donation	23,781	-	23,781	-
Facade improvements	-	-	-	5,434
Unrestricted (deficit)	<u>(8,209,666)</u>	<u>(877,131)</u>	<u>(7,418,909)</u>	<u>41,754</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,395,911</u>	<u>\$ 7,784,844</u>	<u>\$ 13,180,755</u>	<u>\$ 47,188</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2013

(continued)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,210,825	\$ 94,473	\$ 12,785	\$ -
Public safety	7,039,505	826,810	62,203	-
Public works	4,134,351	380,209	740,954	484,729
Health and social services	300,698	80,803	-	-
Culture and recreation	1,345,701	51,907	165,770	-
Conservation and development	2,250,391	25,000	-	-
Interest and fiscal charges	1,078,014	-	48,697	-
Total Governmental Activities	<u>17,359,485</u>	<u>1,459,202</u>	<u>1,030,409</u>	<u>484,729</u>
Business-Type Activities				
Parking	174,076	220,878	-	-
Water	1,330,211	1,451,987	-	-
Sewer	1,547,718	1,954,281	-	-
Total Business-Type Activities	<u>3,052,005</u>	<u>3,627,146</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 20,411,490</u>	<u>\$ 5,086,348</u>	<u>\$ 1,030,409</u>	<u>\$ 484,729</u>
Component Unit				
Business Improvement District	\$ 205,952	\$ 22,550	\$ 21,000	\$ -
Total Component Unit	<u>\$ 205,952</u>	<u>\$ 22,550</u>	<u>\$ 21,000</u>	<u>\$ -</u>

(concluded)

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
	\$ (1,103,567)	\$ -	\$ (1,103,567)	\$ -
	(6,150,492)	-	(6,150,492)	-
	(2,528,459)	-	(2,528,459)	-
	(219,895)	-	(219,895)	-
	(1,128,024)	-	(1,128,024)	-
	(2,225,391)	-	(2,225,391)	-
	(1,029,317)	-	(1,029,317)	-
	<u>(14,385,145)</u>	<u>-</u>	<u>(14,385,145)</u>	<u>-</u>
	-	46,802	46,802	-
	-	121,776	121,776	-
	-	<u>406,563</u>	<u>406,563</u>	-
	-	<u>575,141</u>	<u>575,141</u>	-
	<u>(14,385,145)</u>	<u>575,141</u>	<u>(13,810,004)</u>	<u>-</u>
	-	-	-	(162,402)
	-	-	-	<u>(162,402)</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes	11,056,438	-	11,056,438	-
Property taxes, levied for debt service	1,004,692	-	1,004,692	-
Property taxes, levied for component unit	-	-	-	103,869
Intergovernmental revenues not restricted to specific programs	495,365	30,225	525,590	-
Investment income	225,305	5,213	230,518	271
Miscellaneous	189,940	-	189,940	-
Transfers	145,945	(145,945)	-	-
Total General Revenues and Transfers	<u>13,117,685</u>	<u>(110,507)</u>	<u>13,007,178</u>	<u>104,140</u>
<b>Change in Net Position</b>	(1,267,460)	464,634	(802,826)	(58,262)
NET POSITION - BEGINNING OF YEAR	<u>6,663,371</u>	<u>7,320,210</u>	<u>13,983,581</u>	<u>105,450</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,395,911</u>	<u>\$ 7,784,844</u>	<u>\$ 13,180,755</u>	<u>\$ 47,188</u>

**VILLAGE OF SHOREWOOD**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2013

(continued)

	General	Debt Service	General Capital Projects
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,555,411	\$ 4,513,388	\$ 1,081,500
Investments	6,889,555	-	-
Taxes and delinquent personal property taxes receivable (net of uncollectibles of \$44,805)	3,090,517	525,403	240,808
Other receivables	101,742	2,604	270,197
Due from other governments	4,329	-	-
Prepaid items	125,446	-	-
Restricted asset - cash and cash equivalents	-	-	245,887
Due from other funds	83,086	-	-
Loans and long-term receivable	222,791	-	7,535
Advances to other funds	1,344,509	-	-
<b>TOTAL ASSETS</b>	<b>\$ 14,417,386</b>	<b>\$ 5,041,395</b>	<b>\$ 1,845,927</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 275,241	\$ -	\$ 412,361
Due to other funds	-	-	-
Accrued liabilities	207,573	-	82,634
Liabilities payable from restricted assets	-	-	-
Total Liabilities	482,814	-	494,995
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for subsequent year's budget	7,827,198	1,336,030	539,960
Unavailable revenues	973	104	245,043
Total Deferred Inflows of Resources	7,828,171	1,336,134	785,003
<b>FUND BALANCES</b>			
Nonspendable - prepaids	125,446	-	-
Nonspendable - long-term receivables (net of current)	1,525,002	-	-
Restricted	-	3,705,261	-
Committed	115,768	-	-
Assigned	372,554	-	565,929
Unassigned (deficit)	3,967,631	-	-
Total Fund Balances	6,106,401	3,705,261	565,929
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 14,417,386</b>	<b>\$ 5,041,395</b>	<b>\$ 1,845,927</b>

See accompanying notes to financial statements.

(concluded)

Capital Projects TID No. 1	Capital Projects TID No. 4	Nonmajor Governmental Funds	Total
\$ 2,408,764	\$ -	\$ 801,009	\$ 11,360,072
-	-	-	6,889,555
30,595	-	391,346	4,278,669
12,590	-	3,771	390,904
-	-	-	4,329
-	-	-	125,446
10,000	4,040,000	-	4,295,887
240,384	-	-	323,470
361,674	3,535,000	-	4,127,000
-	-	-	1,344,509
<u>\$ 3,064,007</u>	<u>\$ 7,575,000</u>	<u>\$ 1,196,126</u>	<u>\$ 33,139,841</u>
\$ 67,321	\$ 2,509	\$ 52,893	\$ 810,325
-	66,967	173,417	240,384
44,184	-	15,857	350,248
-	1,607,839	-	1,607,839
<u>111,505</u>	<u>1,677,315</u>	<u>242,167</u>	<u>3,008,796</u>
77,800	-	995,139	10,776,127
5,403	-	-	251,523
<u>83,203</u>	<u>-</u>	<u>995,139</u>	<u>11,027,650</u>
-	-	-	125,446
361,674	3,535,000	-	5,421,676
2,507,625	2,362,685	34,487	8,610,058
-	-	30,527	146,295
-	-	126,637	1,065,120
-	-	(232,831)	3,734,800
<u>2,869,299</u>	<u>5,897,685</u>	<u>(41,180)</u>	<u>19,103,395</u>
<u>\$ 3,064,007</u>	<u>\$ 7,575,000</u>	<u>\$ 1,196,126</u>	<u>\$ 33,139,841</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
For the Year Ended December 31, 2013

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Fund balances - total governmental funds \$ 19,103,395

Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental funds are not financial resources and,  
therefore, are not reported in the funds.

Land	4,491,320
Artwork	330,000
Construction in progress	165,013
Machinery and equipment	3,995,024
Intangibles	58,705
Buildings and building improvements	8,534,348
Infrastructure	26,331,039
Less accumulated depreciation	<u>(19,173,638)</u>
Total adjustment for capital assets	<u>24,731,811</u>

Some receivables that are not currently available are reported as deferred  
inflows of resources in the fund financial statements but are recognized  
as revenue when earned in the government-wide statements. 251,523

Gains/losses on refundings are capitalized in the  
government-wide financial statements 132,975

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 adjustment are as follows

General obligation debt	(36,623,500)
(Discounts)/premiums	(318,276)
Pension	(288,933)
Other postemployment benefits	(687,457)
Compensated absences	(556,837)
Retiree sick leave	(44,339)
Accrued interest on debt	<u>(304,451)</u>
Total adjustment for long-term obligations	<u>(38,823,793)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 5,395,911**

**VILLAGE OF SHOREWOOD**

STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2013

(continued)

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
<b>REVENUES</b>			
Taxes	\$ 9,445,320	\$ 1,004,692	\$ 628,606
Intergovernmental	902,362	48,697	362,350
Licenses and permits	512,054	-	-
Fines	481,800	-	-
Charges for services	361,678	-	182,651
Investment income	92,652	737	4,584
Other revenues	169,816	-	38,749
Total Revenues	<u>11,965,682</u>	<u>1,054,126</u>	<u>1,216,940</u>
<b>EXPENDITURES</b>			
Current			
General government	975,761	-	-
Public safety	6,690,056	-	-
Public works	2,012,248	-	-
Health and social services	145,475	-	-
Culture and recreation	269,522	-	-
Conservation and development	226,529	-	-
Capital Outlay	-	-	2,021,268
Debt Service			
Principal retirement	-	1,877,896	73,290
Interest and fiscal charges	-	1,078,407	-
Total Expenditures	<u>10,319,591</u>	<u>2,956,303</u>	<u>2,094,558</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,646,091</u>	<u>(1,902,177)</u>	<u>(877,618)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the sale of capital assets	-	-	18,309
Issuance of refunding bonds	-	-	-
Premium on bonds issued	-	-	-
Paid to escrow	-	(1,800,947)	-
Transfers in	158,790	7,363,435	153,237
Transfers out	(153,238)	-	(377,314)
Total Other Financing Sources (Uses)	<u>5,552</u>	<u>5,562,488</u>	<u>(205,768)</u>
<b>Net Change in Fund Balance</b>	1,651,643	3,660,311	(1,083,386)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>4,454,758</u>	<u>44,950</u>	<u>1,649,315</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 6,106,401</u>	<u>\$ 3,705,261</u>	<u>\$ 565,929</u>

See accompanying notes to financial statements.

(concluded)

Capital Projects TID No. 1	Capital Projects TID No. 4	Nonmajor Governmental Funds	Total Governmental Funds
\$ 72,228	\$ -	\$ 910,283	\$ 12,061,129
22,958	-	122,644	1,459,011
-	-	-	512,054
-	-	-	481,800
5,000	-	161,110	710,439
22,965	104,331	140	225,409
8,295	-	45,096	261,956
<u>131,446</u>	<u>104,331</u>	<u>1,239,273</u>	<u>15,711,798</u>
-	-	122,745	1,098,506
-	-	6,297	6,696,353
-	-	-	2,012,248
-	-	159,714	305,189
-	-	885,499	1,155,021
349,288	1,625,379	45,369	2,246,565
-	-	24,177	2,045,445
-	-	-	1,951,186
<u>64,993</u>	<u>350</u>	<u>5,072</u>	<u>1,148,822</u>
<u>414,281</u>	<u>1,625,729</u>	<u>1,248,873</u>	<u>18,659,335</u>
<u>(282,835)</u>	<u>(1,521,398)</u>	<u>(9,600)</u>	<u>(2,947,537)</u>
-	-	-	18,309
4,849,800	-	440,200	5,290,000
182,421	-	14,619	197,040
-	-	-	(1,800,947)
-	-	16,500	7,691,962
<u>(6,281,861)</u>	<u>(226,771)</u>	<u>(506,833)</u>	<u>(7,546,017)</u>
<u>(1,249,640)</u>	<u>(226,771)</u>	<u>(35,514)</u>	<u>3,850,347</u>
(1,532,475)	(1,748,169)	(45,114)	902,810
<u>4,401,774</u>	<u>7,645,854</u>	<u>3,934</u>	<u>18,200,585</u>
<u>\$ 2,869,299</u>	<u>\$ 5,897,685</u>	<u>\$ (41,180)</u>	<u>\$ 19,103,395</u>

See accompanying notes to financial statements.

**VILLAGE OF SHOREWOOD**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds	\$ 902,810
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,045,445
Some items reported as capital outlay were not capitalized	
Payments to joint ventures for fire and dispatch services	(223,419)
Miscellaneous other non-capitalized capital outlay	(1,085,961)
Depreciation is reported in the government-wide statements	(1,397,003)
Net book value of assets retired	(48,493)
<p>Receivables not currently available are reported as deferred inflows in the fund financial statements but are recognized as revenue when earned in the government-wide statements.</p>	
Current year receivables added to revenue	251,523
Less receivables recognized as revenue in previous years	(17,240)
<p>The issuance of debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. Repayments of debt is an expenditure in the governmental funds, but the reduces debt in the statement of net position.</p>	
Issuance of refunding bonds	(5,290,000)
Principal repaid	3,651,186
Deferred loss on advanced refunding	100,947
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Premium on bonds issued	(197,040)
Amortization of discounts/premiums	37,726
Amortization of the loss on advanced refunding	(8,007)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences	1,831
Net OPEB liability	(46,825)
Retiree insurance	13,972
Accrued interest on debt	41,088
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (1,267,460)</u></b>

**VILLAGE OF SHOREWOOD**

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS  
As of December 31, 2013

	Business-Type Activities Enterprise Funds			Total
	Parking Utility	Water Utility	Sewer Utility	
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 296,509	\$ -	\$ 250,055	\$ 546,564
Receivables	1,001	325,153	513,743	839,897
Current portion of advance	14,254	-	-	14,254
Inventories	-	34,470	-	34,470
Total Current Assets	<u>311,764</u>	<u>359,623</u>	<u>763,798</u>	<u>1,435,185</u>
Noncurrent Assets				
Capital Assets				
Land	233,345	-	-	233,345
Construction in progress	-	8,067	178,680	186,747
Other capital assets, net of depreciation	104,508	3,755,959	12,962,615	16,823,082
Long-term portion of advances	235,479	-	-	235,479
Total Noncurrent Assets	<u>573,332</u>	<u>3,764,026</u>	<u>13,141,295</u>	<u>17,478,653</u>
Total Assets	<u>885,096</u>	<u>4,123,649</u>	<u>13,905,093</u>	<u>18,913,838</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued liabilities	29,513	95,472	178,249	303,234
Accrued interest payable	4,113	18,854	65,372	88,339
Due to other funds	-	83,086	-	83,086
Current portion of debt	15,000	152,903	399,126	567,029
Current portion of advances	14,254	-	53,181	67,435
Total Current Liabilities	<u>62,880</u>	<u>350,315</u>	<u>695,928</u>	<u>1,109,123</u>
Noncurrent Liabilities				
General obligation debt	249,527	1,694,044	6,453,948	8,397,519
Advances from other funds	30,793	800,000	696,014	1,526,807
Other postemployment benefits (OPEB)	-	21,498	19,372	40,870
Compensated absences	4,341	25,025	25,309	54,675
Total Noncurrent Liabilities	<u>284,661</u>	<u>2,540,567</u>	<u>7,194,643</u>	<u>10,019,871</u>
Total Liabilities	<u>347,541</u>	<u>2,890,882</u>	<u>7,890,571</u>	<u>11,128,994</u>
<b>NET POSITION</b>				
Net investment in capital assets	333,327	1,977,948	6,350,700	8,661,975
Unrestricted (deficit)	204,228	(745,181)	(336,178)	(877,131)
<b>TOTAL NET POSITION</b>	<u>\$ 537,555</u>	<u>\$ 1,232,767</u>	<u>\$ 6,014,522</u>	<u>\$ 7,784,844</u>

See accompanying notes to the financial statements.

**VILLAGE OF SHOREWOOD**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND  
NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2013

	Business-Type Activities Enterprise Funds			Total
	Parking Utility	Water Utility	Sewer Utility	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 220,089	\$ 1,435,972	\$ 1,925,689	\$ 3,581,750
Miscellaneous revenues	789	16,015	28,592	45,396
Total Operating Revenues	<u>220,878</u>	<u>1,451,987</u>	<u>1,954,281</u>	<u>3,627,146</u>
<b>OPERATING EXPENSES</b>				
Operation and maintenance	160,665	1,158,389	1,146,902	2,465,956
Depreciation	5,555	102,874	208,926	317,355
Total Operating Expenses	<u>166,220</u>	<u>1,261,263</u>	<u>1,355,828</u>	<u>2,783,311</u>
Operating Income	<u>54,658</u>	<u>190,724</u>	<u>598,453</u>	<u>843,835</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income (loss)	9,072	(5,507)	1,648	5,213
Intergovernmental revenue	-	-	30,225	30,225
Grant related expenses	-	-	(3,480)	(3,480)
Interest expense	<u>(7,856)</u>	<u>(68,948)</u>	<u>(188,410)</u>	<u>(265,214)</u>
Total Non-operating Revenues (Expenses)	<u>1,216</u>	<u>(74,455)</u>	<u>(160,017)</u>	<u>(233,256)</u>
Income (Loss) Before Transfers	55,874	116,269	438,436	610,579
<b>TRANSFERS OUT</b>	<u>(36,576)</u>	<u>(104,308)</u>	<u>(5,061)</u>	<u>(145,945)</u>
<b>Change in Net Position</b>	19,298	11,961	433,375	464,634
TOTAL NET POSITION - BEGINNING OF YEAR	<u>518,257</u>	<u>1,220,806</u>	<u>5,581,147</u>	<u>7,320,210</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 537,555</u>	<u>\$ 1,232,767</u>	<u>\$ 6,014,522</u>	<u>\$ 7,784,844</u>

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2013

(continued)

	Business-Type Activities Enterprise Funds			Total
	Parking Utility	Water Utility	Sewer Utility	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 222,254	\$ 1,466,371	\$ 1,907,660	\$ 3,596,285
Paid to suppliers for goods and services	(113,284)	(903,323)	(1,070,430)	(2,087,037)
Paid to employees for services	(54,108)	(225,318)	(186,658)	(466,084)
Net Cash Flows From Operating Activities	<u>54,862</u>	<u>337,730</u>	<u>650,572</u>	<u>1,043,164</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Paid to Village for tax equivalent	(36,576)	(104,308)	(5,061)	(145,945)
Repayment of due from other funds	-	(775,580)	-	(775,580)
Received from other funds	-	83,086	-	83,086
Advance from other funds	-	800,000	-	800,000
Grants received	-	-	85,869	85,869
Grant expenses paid	-	-	(3,480)	(3,480)
Payments received on advances	17,232	-	12,439	29,671
Payments made on advances	(13,543)	(12,439)	(51,697)	(77,679)
Interest received on advances	7,580	-	267	7,847
Interest paid on advances	(3,725)	(14,003)	(22,986)	(40,714)
Net Cash Flows From Noncapital Financing Activities	<u>(29,032)</u>	<u>(23,244)</u>	<u>15,351</u>	<u>(36,925)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment income (loss)	<u>1,857</u>	<u>(5,507)</u>	<u>1,532</u>	<u>(2,118)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(110,008)	(187,597)	(334,232)	(631,837)
Payments of long-term debt	(20,000)	(142,291)	(351,732)	(514,023)
Interest paid on long-term debt	(5,032)	(57,507)	(181,368)	(243,907)
Net Cash Flows From Capital and Related Financing Activities	<u>(135,040)</u>	<u>(387,395)</u>	<u>(867,332)</u>	<u>(1,389,767)</u>
<b>Net Change in Cash and Cash Equivalents</b>	\$ (107,353)	\$ (78,416)	\$ (199,877)	\$ (385,646)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>403,862</u>	<u>78,416</u>	<u>449,932</u>	<u>932,210</u>
<b>TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 296,509</u>	<u>\$ -</u>	<u>\$ 250,055</u>	<u>\$ 546,564</u>

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2013

(concluded)

	Business-Type Activities Enterprise Funds			Total
	Parking Utility	Water Utility	Sewer Utility	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 54,658	\$ 190,724	\$ 598,453	\$ 843,835
Adjustments to reconcile operating income to net cash provided from operating activities				
Noncash items included in income				
Depreciation	5,555	102,874	208,926	317,355
Depreciation charged to other accounts	-	12,496	(12,496)	-
Accrued other post employment benefits	-	4,661	3,102	7,763
Changes in assets and liabilities				
Accounts receivable	1,376	14,384	(46,621)	(30,861)
Inventories	-	2,617	-	2,617
Prepayments	-	91	91	182
Accounts payable and accrued liabilities	(6,727)	9,883	(100,883)	(97,727)
Net Cash Flows From Operating Activities	<u>\$ 54,862</u>	<u>\$ 337,730</u>	<u>\$ 650,572</u>	<u>\$ 1,043,164</u>

**VILLAGE OF SHOREWOOD**

STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUND  
December 31, 2013

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	<u>Tax Collection Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,143,359
Property taxes receivable	<u>13,575,683</u>
 TOTAL ASSETS	 <u>\$ 30,719,042</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 102,763
Due to other taxing units	<u>30,616,279</u>
 TOTAL LIABILITIES	 <u>\$ 30,719,042</u>

See accompanying notes to financial statements.

# VILLAGE OF SHOREWOOD

## INDEX TO NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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<b>NOTE</b>	<b>Page</b>
I Summary of Significant Accounting Policies	44
A. Reporting Entity	44
B. Basis of Presentation	45
C. Measurement Focus and Basis of Accounting	47
D. Assets, Liabilities, and Net Position or Equity	48
1. Cash, Cash Equivalents, and Investments	48
2. Receivables	50
3. Inventories and Prepaid Items	50
4. Capital Assets	50
5. Deferred Outflows/Inflows of Resources	51
6. Compensated Absences	52
7. Retiree Sick Leave Bank	52
8. Other Postemployment Benefits	53
9. Long-Term Obligations/Conduit Debt	53
10. Claims and Judgments	54
11. Equity Classifications	54
12. Program Revenues	56
13. Proprietary Fund Revenues	56
II Stewardship, Compliance, and Accountability	57
A. Budgetary Information	57
B. Limitations on the Village's Tax Levy	57
C. Excess Expenditures Over Appropriations	58
D. Deficit Balances	58
III Detailed Notes on All Funds	59
A. Cash, Cash Equivalents, and Investments	59
B. Receivables	61
C. Restricted Assets	64
D. Capital Assets	65
E. Interfund Receivables/Payables, Advances, and Transfers	67
F. Long-Term Obligations	70
G. Lease Disclosures	74
H. Net Position and Fund Balances	75
I. Component Unit	77
IV Other Information	78
A. Employees' Retirement System	78
B. Other Postemployment Benefits	79
C. Joint Ventures	81
D. Risk Management	83
E. Commitments and Contingencies	83
F. Effect of New Accounting Standards on Current Period Financial Statements	84

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### **NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### ***A. REPORTING ENTITY***

The accompanying financial statements include all of the funds of the Village of Shorewood, Wisconsin (the Village) and its component units, entities for which the Village is considered to be financially accountable. Blended component units are, in substance, part of the Village's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the Village. The Village does not report any blended component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

#### ***Discretely Presented Component Units***

The Village of Shorewood Business Improvement District (BID) was established in 1999 by the Village. The BID is a legally separate organization whose board is appointed by the Village president. The BID does not provide a financial benefit or burden to the Village as the Village cannot access the BID's resources, and is not obligated for any deficits or debt issued by the BID. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the BID as the Village board approves the BID's annual budget and changes to the BID's assessment methods. As a component unit, the BID's financial statements have been presented as a discrete column in the government-wide financial statements. The information presented is for the fiscal year ended December 31, 2013. Separately issued financial statements of the Village of Shorewood Business Improvement District may be obtained from the BID's office.

The Shorewood Community Development Authority (CDA) was established by the Village in 1993 as the Village's housing and redevelopment authority. The board of the CDA is appointed by the Village president. The CDA does not provide a financial benefit or burden to the Village as the Village cannot access the CDA's resources, and is not obligated for any deficits or debt issued by the CDA. The Village is not able to impose its will on the CDA under the criteria included in GASB standards. The CDA had no activity or net position during 2013 and does not issue separate financial statements. While the CDA may not meet the tests to be considered a component unit of the Village, management has determined that the exclusion of the CDA from the Village's reporting entity would be misleading. Therefore, the CDA is considered to be a component unit of the Village and any financial activity or net position of the CDA would be discretely presented.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***B. BASIS OF PRESENTATION***

##### ***Government-Wide Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the Village is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the Village's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As discussed earlier, the Village's component unit is shown as a separate column in the government-wide financial statements.

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 and sewer utility and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

##### ***Fund Financial Statements***

The fund financial statements provide information about the Village's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Fund - is used to account for and report resources that are restricted, committed, or assigned to expenditure for principal and interest.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **B. BASIS OF PRESENTATION** (continued)

##### ***Fund Financial Statements*** (continued)

Capital Projects Funds - are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village reports the following major capital projects funds:

General Capital Projects Fund - is used to account for and report financial resources restricted, committed, or assigned to expenditures for Village-wide capital outlay.

Tax Incremental District (TID) No. 1 Fund - is used to account for and report financial resources restricted, committed, or assigned to expenditures outlined in the TID project plan which are primarily capital related.

Tax Incremental District (TID) No. 4 Fund - is used to account for and report financial resources restricted, committed, or assigned to expenditures outlined in the TID project plan which are primarily capital related.

The Village reports the following major enterprise funds:

Parking Utility - accounts for the operations of the parking system.

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

In addition, the Village uses agency funds 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 reports its Tax Collection Fund as an Agency Fund. This fund accounts for property tax collections made on behalf of other organizations.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***B. BASIS OF PRESENTATION*** (continued)

##### ***Fund Financial Statements*** (continued)

In the governmental fund financial statements, advances to other funds are offset equally by nonspendable fund balance, within the General Fund, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. When the proceeds of a noncurrent receivable are restricted, committed, or assigned, as is typically the case with receivable outside of the General Fund, the long-term portion is shown as restricted, committed, or assigned, rather than as nonspendable.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### ***C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

# VILLAGE OF SHREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING** (continued)

Property taxes are considered to be revenue for the fiscal year they are intended to finance. Interest on investments is recognized as revenue when earned and received within the period of availability (within 90 days of year-end). Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). All other revenue items are considered to be measurable and available only when cash is received.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

##### **1. Cash, Cash Equivalents, 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 and cash equivalents.

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

- a. Time deposits in any credit union, bank, savings bank, or trust company maturing in three years or less.
- b. 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, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY*** (continued)

##### **1. *Cash, Cash Equivalents, and Investments*** (continued)

- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The Village has adopted an investment policy. That policy follows the state statute for allowable investments and the following additional requirements.

#### ***Custodial Credit Risk***

The Village's investment policy requires all deposits above Federal Depository Insurance Corporate (FDIC) limits and not registered in the Village's name, to be collateralized by securities specifically pledged to the Village. The collateral shall be in U.S. Treasuries, U.S. government agencies, U.S. government guaranteed securities, or general obligations of states or municipalities with the highest or second highest rating category and held by the Village's agent in the Village's name. Collateral for time deposits or certificates of deposit shall be valued at market value at least monthly and be at least 105% of the investment after the effect of FDIC and state guarantee fund coverage.

#### ***Interest Rate Risk***

The Village's investment policy restricts investments to those with a maturity date less than three years, except for reserve funds. Reserve funds are restricted to maturities under ten years. Pooled investments are restricted to maturities under two years.

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. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement 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, 2013, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III-A for further information.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY*** (continued)

##### **2. Receivables**

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

Property tax calendar - 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	March 31, 2014
Third installment due	May 31, 2014
Personal property taxes in full	January 31, 2014
Tax sale - 2013 delinquent real estate taxes	October 2016

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 accounts receivable has been made for the water, sewer, and parking utilities because they have the right by law to place substantially all delinquent bills on the tax roll.

##### **3. Inventories and Prepaid Items**

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale are expensed as consumed and are value on the first-in/first-out (FIFO) method.

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. Capital Assets**

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g. roads, alleys, street lights, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 for general capital assets, \$10,000 for infrastructure assets, and an estimated useful life in excess of two years. 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.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)**

##### **4. Capital Assets (continued)**

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. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

	<u>Years</u>
Buildings and improvements	10-50
Infrastructure	20-50
Intangibles	5-10
Machinery and equipment	5-20
Utility system	14-108

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 way as in the government-wide statements.

##### **5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village only has one item that qualifies for reporting in this category, the unamortized loss on refunding. An unamortized loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows for property taxes levied but supporting the subsequent

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)***

##### ***5. Deferred Outflows/Inflows of Resources (continued)***

years' budget. These deferred inflows are reports on both the governmental fund and the government-wide financial statements. Additionally, the Village reports unavailable revenue, within its governmental funds balance sheet. The governmental funds report unavailable revenues for revenues which are earned and measurable but not available. These amounts are recognized as an inflow of resources in the period that the amounts become available.

##### ***6. Compensated Absences***

Under terms of employment, employees are granted sick pay benefits and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. 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, 2013, are determined on the basis of current salary rates and include salary related payments.

The Village allows employees to earn vacation time during the year which would be eligible for payment upon separation from Village service. The liability for vacation time is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental fund financial statements only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefit where applicable.

The Village also recognizes a liability for active employees' sick leave earned which may be paid out in the future. This liability is reported as vested compensated absences in either the governmental activities or the business-type activities, as appropriate.

##### ***7. Retiree Sick Leave Bank***

Employees earn sick leave at various rates. Employees hired before January 1, 2013 who retire under Wisconsin Retirement System rules, can chose to have 50% of their accumulated sick leave either paid out to them or held by the Village to pay for their portion of health insurance premiums. The maximum amount of sick leave that can be accumulated varies depending on the employee's years of service. The Village funds these benefits on a pay-as-you-go basis and funding generally comes from the Village's General Fund. During 2013, the Village paid \$13,972 for six retirees under this program. The remaining unused sick leave bank for these retirees is reported as a government-wide liability of \$44,339.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)***

##### **8. *Other Postemployment Benefits***

The Village will pay a portion of health insurance premiums for employees retiring under certain conditions until the employee reaches age 65. Some employees retiring over the age of 65 are allowed to remain on the Village's health insurance plan, with Medicare primary; however, the retiree must pay the cost of the premium. Exact eligibility and benefit provisions are based on contractual agreements with employee groups, local ordinances, or employee benefit policies.

The Village funds these benefits on a pay-as-you-go basis and funding is expected to come primarily from the Village's General Fund and Water and Sewer Utilities. The Village has obtained an actuarial evaluation to determine the cost of these benefits. A liability for the unfunded annual required contributed (ARC) is reported on the government-wide financial statements as a governmental activities or the business-type activities liability, as appropriate.

##### **9. *Long-Term Obligations/Conduit Debt***

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premiums) is 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. The balance at year-end for premiums/discounts, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

The Village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. In 2012, the Village's component unit, CDA issued \$2,800,000 of subordinate redevelopment revenue bonds. 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.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### ***D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY*** (continued)

##### **10. *Claims and Judgments***

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

##### **11. *Equity Classifications***

###### ***Government-Wide Statements***

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets."

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

###### ***Fund Statements***

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### **D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (continued)**

##### **11. Equity Classifications (Continued)**

###### **Fund Statements (Continued)**

- Restricted - fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority. This action must occur prior to year end. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

The Village's highest level of decision making authority is the Village Board and commitments made by the Village Board are done through the adoption of a resolution passed by the majority of the seven member board.

- Assigned - includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing board itself or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Further, assigned fund balance includes all remaining amounts (excluding negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed.

The Village Board adopted Resolution No. 2011-43 *To Establish a Fund Balance Policy* which authorized the Village Manager to assign amounts to a specific purpose.

- Unassigned - fund balance is the residual classification for the General Fund and negative fund balances within other governmental funds.

The Village's fund balance policy also specifies that when multiple classifications of fund balance are available, that fund balance shall be spent in the following order: restricted, committed, assigned then unassigned.

The Village's fund balance policy includes a minimum fund balance policy. This policy states that the Village shall maintain its unassigned fund balance at a minimum of 30% of total General Fund annual revenues. The purpose of the first 25% of this balance is to provide adequate cash flow during the year. Any use of these funds would require a two-thirds vote of the Village Board. The additional 5% is to provide the ability of the Village to respond to unforeseeable contingencies and opportunities that may not have been known at the time of budget preparation. Any use of the 5% fund balance referred to above must be replenished during the next budget process. These uses are subject to approval by the Village Board.

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

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### *D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY* (continued)

##### **12. Program Revenues**

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

##### **13. Proprietary Fund Revenues**

The proprietary funds distinguish operating revenues and expenses from non-operating 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 parking utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Current water rates were approved by the Public Service Commission of Wisconsin (PSCW) and effective May 15, 2012.

Current sewer rates were approved by the Village Board and effective February 15, 2013.

Current parking rates were approved by the Village Board and effective October 23, 2006.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### **NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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#### ***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, Debt Service, General Capital Projects, TID No.'s 1, 3, and 4, and the following Special Revenue Funds: Library, Police Special Funds, Shorewood Today, Senior Services, and the Marketing Shorewood. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure for the General Fund and the fund total for all other funds. The budgeted amounts presented include any amendments adopted during the year. No amendments were approved during the year. Transfers between departments and changes to the overall budget must be approved by a two-thirds Village Board action.

#### ***B. LIMITATIONS ON THE VILLAGE'S TAX LEVY***

The State of Wisconsin's legislature has acted to limit the Village's future tax levies. Generally, the Village's nondebt tax levy is limited to its prior year tax levy dollar amount (excluding TIF Districts), plus the percentage change in the Village's equalized value due to new construction and any decrease in our debt service payments for debt issued prior to July, 2005. There is no cap on taxes required to be levied for debt service.

Municipalities can carry forward up to ½ of one percent of their prior year unused capacity with a majority vote of the Village Board or up to 1½ percent of their prior year unused capacity with a super majority vote of the Village Board.

Due to an assessment error which would have resulted in taxpayers paying in an additional \$1,460,298 in 2012, the Village decreased our 2012 tax levy by this amount. The Village received an exception from the levy limit for this adjustment in order to allow this levy amount to be recaptured in 2013.

The State of Wisconsin's legislature can amend these limits at any time. Current regulations allowing for the conversion of pre-July 2005 debt service levy from debt to operating may not continue to be in effect for future years. Other changes to the levy limit calculation could also impact the Village in future years.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

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#### **C. EXCESS EXPENDITURES OVER APPROPRIATIONS**

Excess of expenditures over appropriations are as follows:

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Board	\$ 30,897	\$ 35,484	\$ 4,587
Building maintenance	163,714	212,562	48,848
Street and alley	59,360	78,100	18,740
Street marking	\$14,662	\$21,367	6,705
Winter maintenance	107,584	154,636	47,052
Refuse disposal	314,714	498,656	183,942
Recycling	165,756	173,361	7,605
Yard waste/leaf collection	79,681	123,855	44,174
Celebrations	37,854	90,428	52,574
Forestry	136,912	226,529	89,617
Transfers out	93,000	153,238	60,238
Other Funds			
Police Special	4,430	6,297	1,867
Shorewood Today	56,110	59,240	3,130
Debt Service	2,956,191	2,956,303	112
TID No. 1 expenditures and transfers	93,809	414,281	320,472
TID No. 3 expenditures and transfers	754	50,441	49,687

The excess of expenditures over appropriations were financed with current year revenue sources and available fund balances.

#### **D. DEFICIT BALANCES**

As of December 31, 2013, the TID No. 3 Fund had a deficit fund balance of \$232,831 which is expected to be funded through future tax increments or revenue sharing.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS**

**A. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The Village maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as cash and cash equivalents and/or investments.

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

	Statement Balance	Carrying Value	Associated Risks
Petty cash	\$ -	\$ 1,865	N/A
Demand deposits	12,647,616	12,585,630	Custodial credit risk
Overnight repurchase agreement	20,275,224	20,275,224	Custodial credit, credit risk, concentration of credit and interest rate
LGIP	516,205	516,205	Credit and interest rate
USagency securities	1,485,109	1,485,109	Custodial credit, credit risk, concentration of credit and interest rate
Municipal bonds	1,696,928	1,696,928	Custodial credit, credit risk, concentration of credit and interest rate
Certificates of deposit	<u>3,674,476</u>	<u>3,674,476</u>	Custodial credit, and concentration of credit risk
	<u>\$40,295,558</u>	<u>\$40,235,437</u>	
 Reconciliation to financial statements			
Per statement of net position			
Cash and cash equivalents		\$ 11,906,636	
Investments		6,889,555	
Restricted cash and cash equivalents		4,295,887	
Per statement of net position - Fiduciary Fund			
Cash and cash equivalents		<u>17,143,359</u>	
Total cash and investments		<u>\$40,235,437</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including Negotiable Order of Withdrawal (NOW) accounts), and \$250,000 for interest bearing demand deposit accounts.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS** (continued)

**A. CASH, CASH EQUIVALENTS, AND INVESTMENTS** (continued)

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. Due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

***Custodial Credit Risk***

*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 not have any deposits exposed to custodial credit risk as all are either insured or collateralized.

*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 not have any investments exposed to custodial credit risk as all investments were covered by SIPC insurance, held by a the Village's agent in the Village's name, or registered in the Village's name.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2013 the Village's investments were rated as follows:

Moody's Investors Services Rating	Amount by Investment Type		
	Overnight repurchase - U.S agencies	U.S agencies	Municipal Bonds
Aaa	\$ 20,275,224	\$ 1,485,109	\$ 21,755
Aa1	-	-	238,622
Aa2	-	-	917,827
Aa3	-	-	230,604
A1	-	-	31,993
Unrated	-	-	256,127
Total	\$ 20,275,224	\$ 1,485,109	\$ 1,696,928

The Village also held investments in the Local Government Investment Pool (LGIP) which is not rated.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS** (continued)

**A. CASH, CASH EQUIVALENTS, AND INVESTMENTS** (continued)

***Interest Rate Risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of December 31, 2013, the Village's investments were as follows:

Investment Type	Fair Value	Maturity (in years)				
		< 1 year	1 - 2	2 - 3	3 - 4	4 - 5
Overnight repurchase						
U.S agencies	\$20,275,224	\$20,275,224	\$ -	\$ -	\$ -	\$ -
LGIP	516,205	516,205	-	-	-	-
Municipal bonds	1,696,928	241,666	389,416	758,966	306,878	-
U.S agencies	1,485,109	-	-	-	996,016	489,094
<b>Total</b>	<b>\$23,973,466</b>	<b>\$21,033,095</b>	<b>\$389,416</b>	<b>\$758,966</b>	<b>\$1,302,894</b>	<b>\$ 489,094</b>

Maturities represented above assume that all investments are held until the final maturity date, with the exception of the US agency securities held in overnight repurchase agreements which are sold daily.

***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.

As of December 31, 2013, the Village had \$20,756,097 in Federal National Mortgage Association, (Fannie Mae), which is more than 5% of its overall portfolio. The majority of these holdings were held as part of the Village's overnight repurchase agreement.

See Note I-D-1 for the Village's investment policy and further information on deposits and investments.

**B. RECEIVABLES**

Delinquent personal property taxes have been shown net of an allowance for uncollectible accounts. All other receivables on the balance sheet are expected to be collected within one-year.

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with

**VILLAGE OF SHREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

***B. RECEIVABLES (continued)***

resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

Deferred Inflows	Unavailable	Unearned	Total
Property taxes levied for subsequent year's budget	\$ -	\$ 10,776,127	\$ 10,776,127
Revenues earned but not available	251,513	-	251,513
Total Deferred Inflows for Governmental Funds	\$ 251,513	\$ 10,776,127	\$ 11,027,640

***Loans Receivable***

Loans outstanding at year-end are as follows:

Program	Amount Approved	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
<i>Business Incentive</i>						
Loan Program	\$ 536,500	\$ 418,205	\$ 47,948	\$ 104,479	\$ 361,674	\$ 40,672
<i>Neighborhood</i>						
Loan Program	304,325	224,075	30,216	31,500	222,791	-
<i>Other Loans</i>						
Hubbard Lodge	28,939	14,867	-	7,332	7,535	7,535
Demolition	-	-	-	-	-	-
Lighthouse	3,535,000	2,166,888	1,368,112	-	3,535,000	-
Total	\$4,404,764	\$2,824,035	\$1,446,276	\$ 143,311	\$4,127,000	\$ 48,207

Individual loan programs and terms are described below.

***Business Incentive Loan Program***

The Business Incentive Loan Program was established to assist businesses and property owners with financing business expansion and start up projects. The loans are secured through collateral and personal guarantees. Funding for the program is provided through TID No. 1. Under the Business Incentive Loan Program a total of six loans have been authorized, as of year-end only five are outstanding. The repayment terms vary by individual loan agreement, some offering deferred interest, deferred principal or deferred payment options. A description of the terms of each is included below.

Loan one - bears interest of 3.0% and is due in equal monthly payments of \$457 through December 2019, the outstanding balance on this loan at year-end was \$86,121.

## VILLAGE OF SHOREWOOD

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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#### NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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##### **B. RECEIVABLES** (continued)

##### ***Loans Receivable*** (continued)

##### *Business Incentive Loan Program (continued)*

Loan two - bears interest of 2.0% and is due in equal monthly payments of \$968 through March 2020, the outstanding balance on this loan at year-end was \$88,250.

Loan three - bears interest of 4.5% and is due in equal monthly payments of \$379 through January 2018, the outstanding balance on this loan at year-end was \$16,927.

Loan four - bears interest of 4.5% and is due in equal monthly payments of \$1,289 through December 2016, the outstanding balance on this loan at year-end was \$44,991.

Loan five - bears interest of 4.5% and is due in equal monthly payments of \$1,182 through December 2021, the outstanding balance on this loan at year-end was \$98,761.

Loan six - was authorized for up to \$25,000 to bear interest of 4.5%. Payments on this loan will begin in 2014, with equal payments to be calculated after final disbursement. The amount disbursed to date on this loan was \$9,416.

Loan seven - was authorized for up to \$25,000 to bear interest of 4.5%. Payments on this loan will begin in 2014, with equal payments to be calculated after final disbursement. The amount disbursed to date on this loan was \$17,408.

##### *Neighborhood Loan Program*

In 2009, the Village began a Neighborhood Loan Program. This program is designed to assist residents in purchasing or making certain improvements to homes within the Village. All loans are non-interest-bearing and are only due upon refinancing or sale of the property. The maximum loan amount is \$20,000. As of December 31, 2013, 17 loans were outstanding totaling \$222,791 at year-end.

The Village also entered into a loan agreement with the operator of Hubbard Park Lodge. The Lodge is owned by the Village and is leased to a company that operates it as a restaurant. The loan was given to split the cost of certain building improvements. The agreement calls for repayment of one half of the cost of the improvements totaling \$57,878 or \$28,939. The loan will be repaid with monthly payments of \$637 through December 2014, and bears interest of 2.75%.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

**B. RECEIVABLES** (continued)

**Loans Receivable** (continued)

*Other Loans Receivable*

The Village entered into an agreement with a local developer to construct a mixed use building including apartments, retail, and parking. As part of this agreement the Village provided a loan to the developer totaling \$3,535,000. This loan bears interest of 2.0%-3.5% which is due biannually. Interest payments began in 2012; annual principal payments of between \$100,000 and \$125,000 are due beginning December 2015 through December 2027. The balance on the loan of \$2,145,000 is due on December 1, 2028. This loan will be repaid through revenues generated by the completed project and is additionally secured through a second mortgage on the property. Construction on the project began in 2012 and is scheduled to be completed in 2014. Funding for this loan was obtained through a debt issuance completed in 2012.

**C. RESTRICTED ASSETS**

As of December 31, 2013 the Village reported restricted cash and cash equivalents for the following purposes and funds:

Fund	Restricted Assets	Restricted Liabilities	Restricted Fund Balance
General Capital Projects Fund			
Upsent bond proceeds for capital purposes	\$ 245,887	\$ -	\$ -
Capital Projects- TID No.1			
Upsent bond proceeds for noncapital purposes	10,000	-	2,507,625
Capital Projects- TID No.4			
Upsent bond proceeds for noncapital purposes	4,040,000	1,607,839	2,362,685
Total Governmental Activities	<u>\$ 4,295,887</u>	<u>\$ 1,607,839</u>	<u>\$ 4,870,310</u>

It is anticipated that these funds will be utilized in 2014. The liabilities payable from restricted assets represent accounts payable related to the bond projects which will be paid from the restricted cash balances.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 4,457,690	\$ 33,630	\$ -	\$ 4,491,320
Artwork	330,000	-	-	330,000
Construction in progress	<u>32,052</u>	<u>165,013</u>	<u>32,052</u>	<u>165,013</u>
Total Capital Assets Not Being Depreciated	<u>4,819,742</u>	<u>198,643</u>	<u>32,052</u>	<u>4,986,333</u>
Capital Assets Being Depreciated				
Machinery and equipment	3,830,600	312,435	148,011	3,995,024
Intangible assets software	58,705	-	-	58,705
Buildings and improvements	8,471,968	87,047	24,667	8,534,348
Infrastructure	<u>26,282,147</u>	<u>169,992</u>	<u>121,100</u>	<u>26,331,039</u>
Total Capital Assets Being Depreciated	<u>38,643,420</u>	<u>569,474</u>	<u>293,778</u>	<u>38,919,116</u>
Total Capital Assets	<u>43,463,162</u>	<u>768,117</u>	<u>325,830</u>	<u>43,905,449</u>
Less: Accumulated Depreciation for				
Machinery and equipment	2,414,525	267,140	142,505	2,539,160
Intangible assets software	11,741	11,741	-	23,482
Buildings and improvements	2,598,617	204,564	12,505	2,790,676
Infrastructure	<u>12,997,037</u>	<u>913,558</u>	<u>90,275</u>	<u>13,820,320</u>
Total Accumulated Depreciation	<u>18,021,920</u>	<u>1,397,003</u>	<u>245,285</u>	<u>19,173,638</u>
Net Depreciable Assets	<u>20,621,500</u>	<u>(827,529)</u>	<u>48,493</u>	<u>19,745,478</u>
Total Governmental Activities	<u>\$25,441,242</u>	<u>\$ (628,886)</u>	<u>\$ 80,545</u>	<u>\$24,731,811</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 59,106
Public safety	60,550
Health and social services	4,523
Public works, which includes the depreciation of infrastructure	1,111,125
Culture and recreation	<u>161,699</u>
Total Governmental Activities Depreciation Expense	<u>\$1,397,003</u>

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

**D. CAPITAL ASSETS (continued)**

<b>Business-Type Activities</b>	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 233,345	\$ -	\$ -	\$ 233,345
Construction in progress	<u>144,739</u>	<u>48,088</u>	<u>6,080</u>	<u>186,747</u>
Total Capital Assets				
Not Being Depreciated	<u>378,083</u>	<u>48,088</u>	<u>6,080</u>	<u>420,092</u>
Capital Assets Being Depreciated				
Water utility system	4,611,318	185,612	4,435	4,792,495
Sewer collection system	14,153,469	290,222	-	14,443,691
Parking improvements	461,653	110,008	70,092	501,569
Machinery and equipment	<u>971,899</u>	<u>3,989</u>	<u>-</u>	<u>975,888</u>
Total Capital Assets Being Depreciated	<u>20,198,338</u>	<u>589,831</u>	<u>74,527</u>	<u>20,713,643</u>
Total Capital Assets	<u>20,576,421</u>	<u>637,919</u>	<u>80,607</u>	<u>21,133,735</u>
Less: Accumulated Depreciation for				
Water utility system	974,232	102,903	4,435	1,072,700
Sewer collection system	1,612,429	151,399	-	1,763,828
Parking improvements	461,598	5,555	70,092	397,061
Machinery and equipment	<u>599,474</u>	<u>57,498</u>	<u>-</u>	<u>656,972</u>
Total Accumulated Depreciation	<u>3,647,731</u>	<u>317,355</u>	<u>74,527</u>	<u>3,890,561</u>
Net Depreciable Assets	<u>16,550,607</u>	<u>272,476</u>	<u>-</u>	<u>16,823,082</u>
Total Business-Type Activities	<u>\$16,928,690</u>	<u>\$ 320,564</u>	<u>\$ 6,080</u>	<u>\$17,243,174</u>

Depreciation expense was charged to functions as follows:

<b>Business-Type Activities</b>	
Water	\$ 115,370
Sewer	196,430
Parking	<u>5,555</u>
Total Business-type Activities Depreciation Expense	<u>\$ 317,355</u>

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

***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	Non Current
General Fund	Water Utility	\$ 83,086	\$ -
TID No. 1	TID No. 3	173,417	173,417
TID No. 1	TID No. 4	66,967	66,967
Subtotal		323,470	240,384
Less: Fund eliminations		(240,384)	-
Total Internal Balances - combined with advances		\$ 83,086	\$ 240,384

The principal purpose of these interfunds is to fund cash overdrafts. For the statement of net position, 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	Non Current
General Fund	Parking Utility	\$ 45,047	\$ 30,793
General Fund	Water Utility	800,000	800,000
General Fund	Sewer Utility	499,462	464,008
Subtotal General Fund		1,344,509	1,294,801
Parking Utility	Sewer Utility	249,733	230,201
Total - Fund Financial Statements		1,594,242	\$ 1,525,002
Less: Fund eliminations		(249,733)	
Total Internal Balances - advances		1,344,509	
Total Internal Balances - due to/due from above		83,086	
Total Internal Balances Statement of Net Position		\$ 1,427,595	

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

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

***Advances (continued)***

Payment schedules have been established and interest is being charged on all of the advances. Interfund advances are due as follows:

Years	Governmental Activities Advances to							
	Parking Utility		Water Utility		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 14,254	\$ 2,365	\$ -	\$ 26,000	\$ 35,454	\$ 14,335	\$ 49,708	\$ 42,700
2015	15,002	1,617	75,000	26,000	36,472	13,317	126,474	40,934
2016	15,791	829	75,000	23,563	37,519	12,270	128,310	36,662
2017	-	-	75,000	21,125	38,596	11,193	113,596	32,318
2018	-	-	115,000	18,688	39,703	10,086	154,703	28,774
2019-2023	-	-	460,000	37,376	216,277	32,668	676,277	70,044
2024-2025	-	-	-	-	95,441	4,137	95,441	4,137
<b>Total</b>	<b>\$ 45,047</b>	<b>\$ 4,811</b>	<b>\$ 800,000</b>	<b>\$ 152,752</b>	<b>\$ 499,462</b>	<b>\$ 98,006</b>	<b>\$ 1,344,509</b>	<b>\$ 255,569</b>

Years	Business-Type Activities Advances to	
	Parking Advance to Sewer Utility	
	Principal	Interest
2014	\$ 17,727	\$ 7,167
2015	18,235	6,659
2016	18,759	6,135
2017	19,297	5,597
2018	19,851	5,043
2019-2023	108,136	16,334
2024-2025	47,728	2,060
<b>Total</b>	<b>\$ 249,733</b>	<b>\$ 48,995</b>

The purpose of the advances to the Sewer Utility was to provide operating cash flow. These advances will be repaid through future user fees. The principal purpose of the remaining advances was to fund capital project activity.

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

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS** (continued)

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

**Transfers**

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility	\$ 104,308	Payment in lieu of taxes
General Fund	Sewer Utility	5,061	Payment in lieu of taxes
General Fund	Parking Utility	36,576	Payment in lieu of taxes
General Fund	Library	<u>12,843</u>	Administration allocation
Subtotal General Fund		<u>158,790</u>	
Debt Service Fund	Capital Projects Fund	377,314	Debt service
Debt Service Fund	TID No. 1	6,269,861	Debt service
Debt Service Fund	TID No. 3	489,490	Debt service
Debt Service Fund	TID No. 4	<u>226,771</u>	Debt service
Subtotal Debt Service Fund		<u>7,363,435</u>	
Capital Projects Fund	General Fund	<u>153,237</u>	Capital investment
Marketing Shorewood	TID No. 1	12,000	Program subsidy
Shorewood Today	Marketing Shorewood	<u>4,500</u>	Program subsidy
Subtotal Nonmajor Funds		<u>16,500</u>	
Total - Fund Financial Statements		7,691,962	
Less: Fund Eliminations		<u>(7,546,015)</u>	
Total Transfer - Government-Wide			
Statement of Activities		<u>\$ 145,945</u>	

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.

For the statement of activities, interfund transfers within the governmental activities or business-type activities are netted and eliminated.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

**F. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 34,984,686	\$ 5,290,000	\$ 3,651,186	\$ 36,623,500	\$ 5,659,885
(Discounts)/premiums	<u>158,962</u>	<u>197,040</u>	<u>37,726</u>	<u>318,276</u>	<u>-</u>
Total General Obligation Debt	<u>35,143,648</u>	<u>5,487,040</u>	<u>3,688,912</u>	<u>36,941,776</u>	<u>5,659,885</u>
Other Liabilities					
Pension	288,933	-	-	288,933	-
Other postemployment benefits	640,632	192,242	145,417	687,457	-
Compensated absences	558,668	224,445	226,276	556,837	-
Retiree sick leave	<u>58,311</u>	<u>-</u>	<u>13,972</u>	<u>44,339</u>	<u>8,476</u>
Total Other Liabilities	<u>1,546,544</u>	<u>416,687</u>	<u>385,665</u>	<u>1,577,566</u>	<u>8,476</u>
Total Governmental Activities	<u>\$ 36,690,192</u>	<u>\$ 5,903,727</u>	<u>\$ 4,074,577</u>	<u>\$ 38,519,342</u>	<u>\$ 5,668,361</u>
<b>Business-Type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 9,374,397	\$ -	\$ 514,023	\$ 8,860,374	\$ 567,029
(Discounts)/premiums	<u>110,321</u>	<u>-</u>	<u>6,148</u>	<u>104,173</u>	<u>-</u>
Total General Obligation Debt	<u>9,484,718</u>	<u>-</u>	<u>520,171</u>	<u>8,964,547</u>	<u>567,029</u>
Other Liabilities					
Other postemployment benefits	33,107	18,672	10,909	40,870	-
Compensated absences	<u>55,688</u>	<u>7,210</u>	<u>8,222</u>	<u>54,676</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 9,573,513</u>	<u>\$ 25,882</u>	<u>\$ 539,302</u>	<u>\$ 9,060,093</u>	<u>\$ 567,029</u>

**General Obligation Debt**

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2013, was \$66,543,765. Total general obligation debt outstanding at year end was \$45,483,874.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

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

**General Obligation Debt (continued)**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance Outstanding
<b>Governmental Activities</b>					
Taxable issues					
Refunding Bonds	12/1/2005	11/30/2015	5.10-5.25%	\$ 2,035,000	\$ 545,000
Build America Bonds	5/11/2010	5/1/2022	1.35-4.85%	3,885,000	3,610,000
Corp Purpose Bonds	5/11/2010	5/1/2025	1.00-5.20%	4,576,554	4,141,652
Community Dev Bonds	3/8/2012	12/1/2031	2.00-3.25%	6,165,000	6,165,000
Tax-exempt issues					
Refunding Bonds	3/1/2002	9/1/2018	2.13-4.75%	7,335,000	505,000
State Trust Fund Loan	4/22/2004	3/15/2014	3.75%	133,000	15,551
Community Dev Bonds	2/12/2008	8/1/2022	3.15%	3,520,000	2,770,000
Promissory Note	11/18/2008	10/1/2018	3.00-4.30%	1,740,000	1,125,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085-3.90%	6,390,000	5,795,000
Community Dev Bonds	3/8/2012	12/1/2028	2.00-3.50%	1,990,000	1,990,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.00-3.00%	4,065,000	3,900,000
Refunding Bonds	12/30/2013	12/30/2022	2.00-3.00%	5,290,000	5,290,000
NSFD Note Payables					
Whitefish Bay	9/1/2002	4/1/2022	2.00-3.00%	897,184	493,837
Bayside	8/1/2003	8/1/2023	3.59-4.20%	468,050	277,460
Total Governmental Activities General Obligation Debt					<u>\$36,623,500</u>
<b>Business-type Activities</b>					
Taxable Corp Purp Bonds	5/11/2010	5/1/2025	1.00 - 5.20%	\$ 143,446	\$ 123,347
Tax-exempt issues					
Clean Water Fund	6/15/1998	5/1/2018	2.64%	988,737	449,797
State Trust Fund Loan	4/22/2004	3/15/2019	3.75%	129,000	62,230
Promissory Notes	12/20/2006	4/1/2016	3.60-3.65%	1,165,000	505,000
Promissory Notes	11/18/2008	10/1/2018	3.00-4.30%	595,000	410,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085-3.90%	2,175,000	2,075,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.00-3.00%	5,400,000	5,235,000
Total Business-Type Activities General Obligation Debt					<u>\$ 8,860,374</u>
Total General Obligation Debt					<u>\$45,483,874</u>

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS** (continued)

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

**General Obligation Debt** (continued)

Debt service requirements to maturity are as follows:

Year	Governmental Activities Bonds and Notes Payable		Business-Type Activities Bonds and Notes Payable	
	Principal	Interest	Principal	Interest
2014	\$ 5,659,845	\$ 970,072	\$ 567,029	\$ 232,364
2015	2,460,165	895,464	629,719	216,047
2016	2,640,250	823,326	668,272	198,009
2017	2,827,474	745,891	526,523	181,994
2018	2,943,824	660,093	554,856	167,708
2019-2023	12,024,132	2,100,707	2,136,783	663,539
2024-2028	6,892,810	856,537	2,397,192	357,549
2029-2032	1,175,000	74,250	1,380,000	99,853
Totals	<u>\$ 36,623,500</u>	<u>\$ 7,126,340</u>	<u>\$ 8,860,374</u>	<u>\$ 2,117,063</u>

**North Shore Fire Department Obligations**

In 2002, the Village Board passed a resolution titled "Confirming Obligation to Contribute to the North Shore Fire Department's Budget to Pay Debt Service on Bonds Issued by the Village of Whitefish Bay on Behalf of the Department." The Village of Whitefish Bay borrowed \$5,015,000 in general obligation fire department project bonds dated September 1, 2002. In 2011, this debt issuance was refinanced by the Village of Whitefish Bay. The refinancing resulted in an increase in the future principal payments but a decrease in future interest payments. The bonds are due in annual installments through April 1, 2022 and bear interest at 2.00%-3.00%. These monies were loaned to the North Shore Fire Department (NSFD) for various capital projects.

Each of the seven communities participating in the NSFD pay their share of the annual debt service on these bonds to the NSFD based on their percentage of operations of the NSFD for that year. This percentage is currently locked at 17.45% for the Village. The Village's original share of the debt was 17.89% or \$897,184. The principal and interest payments paid by the Village in 2013 were \$48,860 and \$12,184, respectively. The total outstanding balance at December 31, 2013 is \$2,830,000, of which the Village is responsible for \$493,837.

On June 23, 2003, the Village Board passed a similar resolution to contribute to the NSFD's budget to pay debt service on bonds issued by the Village of Bayside on behalf of the NSFD. The general obligation fire department project bonds, in the amount of \$2,530,000, are dated August 1, 2003. In 2012, this debt issuance was refinanced by the Village of Bayside. The refinancing resulted in an increase in the future principal payments but a decrease in future interest payments. The bonds are due in annual installments through September 1, 2023 and bear interest at 0.80%-2.30%. The proceeds were loaned to the NSFD for capital projects.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

#### *F. LONG-TERM OBLIGATIONS* (continued)

##### *North Shore Fire Department Obligations* (continued)

The participants in the NSFD will pay their annual share of the principal and interest based on their percentage of the operations of the NSFD for that year. The Village's original share of the debt was 18.50% or \$468,050. This percentage is currently locked at 17.45% for the Village. The principal and interest payments paid by the Village in 2013 were \$24,430 and \$6,008 respectively. The total outstanding balance at December 31, 2013 was \$1,590,000 of which \$277,460 is the responsibility of the Village.

Repayment of these obligations has been shown within the General Capital Projects Fund. Total principal and interest payments are included in the amortization schedules shown above.

##### *Refunding Debt*

On December 31, 2013, the Village issued \$5.29 million in General Obligation Bonds with an average interest rate of 1.8% to advance refund \$1.7 million of outstanding 2005B series bonds with an average interest rate of 4.125%. The net proceeds of \$5.42 million (after payment of \$69,000 in underwriting fees and other issuance costs) plus \$10,600 of cash on hand, were used to purchase \$1,800,946 of U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payment on the 2005B series bonds. As a result, the 2005B series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The remaining funds from this debt issue will be used for a current refunding of the 2010A series bonds with an outstanding balance of \$3.6 million in January of 2014. Through the refunding, the Village reduced its overall debt service by \$239,694 and had an economic gain of \$223,897. As of December 31, 2012, \$5,310,000 of the defeased bonds were outstanding to be paid from escrow.

##### *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.

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

**VILLAGE OF SHOREWOOD**

**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2013

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**NOTE III – DETAILED NOTES ON ALL FUNDS (continued)**

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**G. LEASE DISCLOSURES**

***Lessor - Operating Leases***

In 2010, the Village entered into a lease agreement with a local restaurant owner to lease out the Hubbard Park Lodge. The property is included in the Village’s capital assets with a historical cost of \$80,800. The lease is a ten year lease with the option to renew after the eighth year. The lease requires the lessee to make annual capital improvements of \$10,000. The future minimum rentals are:

<u>Year</u>	<u>Future Minimum Rental</u>
2014	\$ 27,040
2015	28,122
2016	30,000 *
2017	30,000 *
2018	30,000 *
2019	30,000 *
2020	30,000 *
Total	<u>\$ 205,162</u>

\* 2016 - 2020  
The payment is the higher of \$30,000 or 4% of the previous year's gross revenue on the property.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. NET POSITION AND FUND BALANCES**

**Net Position**

Net position reported on the government-wide statement of net position at December 31, 2013 includes the following:

Net Investment in Capital Assets	Governmental Activities	Business-Type Activities
Capital Assets		
Capital assets not being depreciated	\$ 4,986,333	\$ 420,092
Capital assets being depreciated	38,919,116	20,713,643
Accumulated depreciation	<u>(19,173,638)</u>	<u>(3,890,561)</u>
Total Capital Assets	<u>24,731,811</u>	<u>17,243,174</u>
Capital Related Debt		
General Obligation (G.O.) Debt	(36,623,500)	(8,860,374)
Discounts (Premiums) on Capital related debt	(298,061)	(104,173)
Less Noncapital Related Debt Issuances		
Whitefish Bay note	493,837	-
Bayside note	277,457	-
2005 Taxable G.O. Refunding Bonds	545,000	-
2010A Taxable G.O. Build America Bonds (portion)	2,704,575	-
2010B Taxable G.O. Bonds	4,141,652	123,347
2011 G.O. Corp Purpose Bonds (portion)	1,854,002	-
2012 Community Development Bonds	6,165,000	-
2012 Taxable Community Development Bonds	1,990,000	-
2012 Corp Purpose Bonds (portion)	1,938,007	260,000
2013 Tax Exempt G.O. Refunding Bonds (portion)	<u>1,700,000</u>	<u>-</u>
Total Capital Related Debt	<u>(15,112,031)</u>	<u>(8,581,200)</u>
Unspent Capital Related Bond Proceeds	<u>245,887</u>	<u>-</u>
 Net Investment in Capital Assets	 <u>\$ 9,865,669</u>	 <u>\$ 8,661,976</u>

A portion of governmental activities borrowings are considered to be noncapital for the governmental activities column, but are considered to be capital related for the total column in the statement of net position. The amount of this adjustment is \$1,667,888 which represents governmental activities borrowing for capital assets of the business-type activities. The total column of the statement of net position for the net investment in capital assets has been adjusted for this difference.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE III – DETAILED NOTES ON ALL FUNDS** (continued)

**H. NET POSITION AND FUND BALANCES** (continued)

**Fund Balances**

Fund balances reported on the governmental fund financial statements as of December 31, 2013 within the restricted, committed, and assigned classifications can be further detailed as follows:

Classification/Fund	Amount	Purpose
<b>Restricted</b>		
Debt Service Fund	\$ 3,705,261	Payment of principal and interest
TID No. 1 Fund	2,507,625	TID plan purposes
TID No. 4 Fund	2,362,685	TID plan purposes
Nonmajor Funds	10,706	Police department activities
Nonmajor Funds	23,781	Library Auermilller donation purposes
Total Nonmajor Funds	<u>34,487</u>	
Total Restricted	<u>\$ 8,610,058</u>	
<b>Committed</b>		
General Fund	\$ 115,768	Post retirement health department costs
Nonmajor Funds	7,156	Police department activities
Nonmajor Funds	3,931	Shorewood Today magazine
Nonmajor Funds	2,321	Senior Services activities
Nonmajor Funds	17,119	Village marketing activities
Total Nonmajor Funds	<u>30,527</u>	
Total Committed	<u>\$ 146,295</u>	
<b>Assigned</b>		
General Fund	\$ 2,723	Atwater park landscaping
General Fund	1,381	Sustainability initiatives
General Fund	5,575	Village directory
General Fund	329,875	Neighborhood loan program
General Fund	33,000	2013 budget
Total General Fund	<u>372,554</u>	
Capital Projects Fund	<u>320,042</u>	Future capital projects and equipment
Nonmajor Funds	<u>126,637</u>	General library purposes
Total Assigned	<u>\$ 819,233</u>	

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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#### *I. COMPONENT UNIT*

##### *Village of Shorewood Business Improvement District*

This report contains the Village of Shorewood Business Improvement District (BID), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

In addition, to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

#### a. Basis of Accounting/Measurement Focus

The BID follows the full accrual basis of accounting and the flow of economic resources measurement focus.

#### b. Deposits and Investments

At year-end, the carrying amount of the BID's deposits was \$27,648. The bank value was \$33,920 the difference is due to outstanding checks and deposits in transit.

#### c. Facade Improvement Program

The BID is administrating a facade program for the Village's TID No. 1 Fund. The facade improvement program has been funded periodically by a grant from the TID No. 1. In 2013, TID No. 1 Fund contributed \$21,000 for administration. Unspent funds at the end of the grant period revert back to TID No. 1.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE IV – OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system (PERS). All employees initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year and expected to be employed for at least one-year from employee's date of hire, are eligible to participate in the WRS. All employees initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year, and expected to be employed for at least one-year from employee's date of hire are eligible to participate in the WRS.

Effective the first day of the first pay period on or after June 29, 2011, the employee required contribution was changes to one-half of the actuarially determined contribution rate for employees in the General Employment category, including Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not be the employee required contribution unless provided for by an existing collective bargaining agreement.

Contribution rates for 2013 were:

	<u>Employee</u>	<u>Employer</u>
General	6.65%	6.65%
Executives and Elective Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

The payroll for Village employees covered by the WRS for the year ended December 31, 2013 was \$4,697,098; the employer's total payroll was \$4,805,047. The total required contribution for the year-end December 31, 2013 was \$815,584 or 17.4% of covered payroll. Of this amount, \$588,697 or 72.2% was contributed by the employer for the current year and \$226,887 or 27.8% was contributed by employees. Total contributions for the years ending December 31, 2012 and 2011 were \$715,687 and \$721,073, respectively, equal to the required contributions for each year. For the year-end December 31, 2012, the Village contributed \$535,930 or 74.9% and \$179,646 or 25.1% was contributed by employees. For the year-end December 31, 2011, the Village contributed \$653,713 or 90.7% and \$67,360 or 9.3% was contributed by employees.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered

## VILLAGE OF SHOREWOOD

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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#### NOTE IV – OTHER INFORMATION (continued)

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##### **A. EMPLOYEES' RETIREMENT SYSTEM (continued)**

employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of credible service to be vested.

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

As of December 31, 2013 there was no pension related debt for the Village.

Protective employees of the Village hired prior to 1948 are covered under the Village's police and fire pension funds established under Chapter 62 of the Wisconsin Statutes. The Village has not obtained an actuarial valuation of these pension plans which were assumed by the Wisconsin Retirement Fund as of April 1, 1978. Village contributions to the fund in 2013 were \$55,941 for four retirees. The cost of estimated future payments, based on mortality tables, is \$288,933.

##### **B. OTHER POSTEMPLOYMENT BENEFITS**

The Village administers a single-employer defined benefit healthcare plan. The plan allows eligible retirees to remain on the Village's health care plan which covers both active and retired members. Under certain conditions the Village also directly pays for a portion of retiree health care premiums.

Benefit provisions were established through collective bargaining agreements and by Village policy for non-represented employees. Police union employee benefits may only be amended through negotiations between the Village and the union. All other employees' benefits may be changed through Village Board action.

The Village makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during the year. The Village contributes 50% and 100% for a family and a single plan, respectively, towards the health insurance premium. The Village's contribution is capped at the amount the premium was when the employee retires. Any premium increases are contributed by the retiree. To be eligible for these benefits the retiree must have retired under the provisions of the System, with 20 years of service to the Village and is not currently eligible for Medicare. The Village funds these benefits on a pay-as-you-go basis and funding is expected to come primarily from the Village's General Fund and Water and Sewer Utility Funds.

For 2013, total contributions to the plan were \$156,327. Of this amount, \$66,759 was payments made by the Village and the remainder of the total contributions were from member contributions and implicit rate subsidy.

**VILLAGE OF SHOREWOOD**

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2013

**NOTE IV - OTHER INFORMATION** (continued)

**B. OTHER POSTEMPLOYMENT BENEFITS** (continued)

The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Village's annual OPEB cost for the year, the value of the premiums actually contributed to plan, and changes in the Village's net OPEB obligation to the plan:

Annual required contribution	\$ 207,962
Interest on net OPEB obligation	33,686
Adjustment to annual required contribution	<u>(30,736)</u>
Annual OPEB cost (expense)	210,912
Contributions made	<u>(156,326)</u>
Increase in net OPEB liability	54,586
Net OPEB Liability - Beginning of Year	<u>673,739</u>
Net OPEB Liability - End of Year	<u><u>\$ 728,327</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation the last three years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2010	\$ 318,000	42%	\$ 564,125
12/31/2011	210,432	47%	675,158
12/31/2012	210,919	101%	673,739
12/31/2013	210,913	74%	728,327

The funded status of the plan as of December 31, 2011, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$1,923,136
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>1,923,136</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$4,828,912
UAAL as a percentage of covered payroll	39.83%

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE IV - OTHER INFORMATION (continued)

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#### **B. OTHER POSTEMPLOYMENT BENEFITS** (continued)

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan is understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% investment rate of return and an annual healthcare cost trend rate of a 5% initial decrease, followed by a 10% increase, then reduced by 1% per year to an ultimate rate of 5%. Both rates include a 4% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013 is 30 years.

In 2013, the Village modified the eligibility criteria for non-represented employees. All employees can continue to remain on the Village's health insurance after retirement until Medicare eligible. Eligibility for a Village payment towards health insurance coverage was changed as follows:

- employees hired after January 1, 2002 must retire with 25 years of service instead of 20 years of service to be eligible for this benefit; and
- employees hired after 2012 will not receive any Village payment towards health insurance upon retirement.

#### **C. JOINT VENTURES**

##### **- North Shore Public Safety Communications Commission**

The Villages of Shorewood, Whitefish Bay, and the City of Glendale jointly operate the local public safety dispatch center, which is called the North Shore Public Safety Communications Commission (NSPSCC) and provides central emergency police, fire, and ambulance dispatching services. The governing body of NSPSCC is made up of citizens from each community and has authority to adopt its own budget and control the financial affairs of the commission. Local representatives are appointed by the governing body of each community. The fiscal agent for the commission is the Village of Whitefish Bay. The Village does not have an equity interest in the commission. Costs are shared between the three communities based on population, equalized valuation, and number of municipalities involved.

## VILLAGE OF SHOREWOOD

### NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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#### NOTE IV - OTHER INFORMATION (continued)

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##### ***C. JOINT VENTURES (continued)***

##### ***NORTH SHORE PUBLIC SAFETY COMMUNICATIONS COMMISSION (continued)***

During 2011, the NSPSCC signed a ten-year agreement with the Village of Bayside which specifies that the Village of Bayside will provide dispatching services for the NSPSCC during the term of the agreement. 2012 was the first-year that service was provided under this agreement. For 2013, the Village's financial responsibility towards this service was made up of annual operational costs of \$298,392 and \$4,194 in capital costs. The agreement limits annual operational cost increases to the lesser of the increase in the consumer price index or the State imposed levy limit plus any non-personnel contractual obligations. It is expected that the Village's future contributions will be similar to the costs incurred in 2013. The Village's total contributions towards this service are estimated at \$307,962 in 2014. The Village believes that the commission will continue to provide these services in the future at similar rates.

Financial information of the NSPSCC as of December 31, 2013 is available directly from the NSPSCC's office.

##### ***North Shore Fire Department***

The City of Glendale and the Villages of Fox Point, Bayside, Brown Deer, River Hills, Shorewood, and Whitefish Bay jointly operate the North Shore Fire Department (NSFD) under an agreement dated December 31, 1994. The NSFD furnishes fire and emergency medical services. The NSFD is operated by a Board of Directors consisting of seven members which includes one representative and one alternative member from each community. Only one member may vote from each municipality.

The powers of the Board of Directors include authorizing repair, maintenance and renewal of physical assets, and recommending adoption of the department's budget. The capital and operating budget of the department must receive approval of at least five of the seven participating municipalities. Also established by the agreement is a Joint Fire Commission that has the powers related to appointments, promotions, suspensions, removals, dismissals, reemployment, compensation, rest days, etc.

The Village accounts for its share of the operations of the NSFD in the General Fund and the Capital Projects Fund. The Village's share of operations for 2013 was \$2,008,216 and \$163,474 for capital purchases. The Village believes that the NSFD will continue to provide these services in the future at similar rates.

Financial information for the NSFD can be obtained from the Department at 4401 West River Lane, Brown Deer, Wisconsin 53223.

During 2011, the Village signed an agreement to join the North Shore Health Department (NSHD), now comprised of the Villages of Bayside, Brown Deer, Fox Point, River Hills, Shorewood and Whitefish Bay, and the City of Glendale. The Village of Brown Deer, on behalf of the NSHD, began providing public health services to residents of the Village on January 1, 2012. The NSHD Board of Health is comprised of one member representative from each community, as appointed by each municipality's Village President.

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE IV - OTHER INFORMATION (continued)

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#### **C. JOINT VENTURES** (continued)

##### ***North Shore Health Department***

NSHD costs are allocated to individual communities based on a formula incorporating direct hours used and population. The Village paid \$128,405 to NSHD for 2013 service. The Village believes that the NSHD will continue to provide these services in the future at similar rates.

The agreement is for a three-year term that automatically renews. The Village of Brown Deer performs substantially all of the services of the NSHD. Financial information for the NSHD can be obtained from the Village of Brown Deer at 4800 West Green Brook Drive, Brown Deer, Wisconsin 53223.

#### **D. 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. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

#### **E. COMMITMENTS AND CONTINGENCIES**

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

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 grants. Management believes such disallowances, if any, would be immaterial.

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 Village entered into a developer agreement in 2012 which calls for a loan and grant totaling \$8.75 million. This agreement calls for the developer to construct an 84-unit apartment building with 18,700 square feet in retail space and approximately 320 parking spaces, within a parking garage and in underground parking. Approximately \$4,475,000 of

# VILLAGE OF SHOREWOOD

## NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2013

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### NOTE IV - OTHER INFORMATION (continued)

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#### ***E. COMMITMENTS AND CONTINGENCIES (Continued)***

this has been disbursed as of December 31, 2013. Additional payments are due as the project is completed. Construction on the project began in 2012 and will continue through 2014. The funding for the loan and grant was provided in 2012 through debt issuances and any amounts not yet disbursed are shown as restricted cash within TID No. 4.

#### ***F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS***

The Governmental Accounting Standards Board (GASB) has approved the following new accounting pronouncements:

- Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*, issued June 2012. This statement establishes the financial reporting and disclosure requirements related to pensions. This guidance primarily provides regulations for the entity providing a trust arrangement for other governments or for individual pension plans. This statement is effective for fiscal years beginning after June 15, 2013.
- Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, issued June 2012, which provides guidance related to pensions for governments whose employees are provided with pensions administered through a trust arrangement. This statement is effective for fiscal years beginning after June 15, 2014.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013. This statement provides guidance on classifying government combinations as mergers, acquisitions, or transfers and disposals of operations and provides accounting, financial reporting and disclosure requirements for these transactions. This statement is effective for fiscal years beginning after December 15, 2013.
- Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, issued April 2013. This statement amends NCGA Statement No. 4, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, GASB Statement No.10, paragraph 3; GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, paragraph 5; and GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 98, 109, 110, and 124. This statement is effective for fiscal years beginning after June 15, 2013.
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, issued November 2013. This Statement amends paragraph 137 of Statement 68. The requirements of this Statement apply to all state and local governments that are required to apply the provisions of Statement 68 for defined benefit pensions. This statement is effective for fiscal years beginning after June 15, 2014.

The effective date for each of these statements is included above. GASB encourages early implementation of these new statements. Application of these standards may result in the restatement of portions of these financial statements.

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**VILLAGE OF SHOREWOOD**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND

For the Year Ended December 31, 2013

(continued)

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 9,445,320	\$ 9,445,320	\$ -
Intergovernmental	905,090	902,362	(2,728)
Licenses and permits	470,125	512,054	41,929
Fines	561,585	481,800	(79,785)
Charges for services	204,818	361,678	156,860
Investment income	135,000	92,652	(42,348)
Other revenues	80,774	169,816	89,042
<b>TOTAL REVENUES</b>	<u>11,802,712</u>	<u>11,965,682</u>	<u>162,970</u>
			-
<b>EXPENDITURES</b>			
General Government			
Board	30,897	35,484	(4,587)
Court	95,492	86,960	8,532
Manager	258,262	231,896	26,366
Clerk/treasurer	228,508	215,022	13,486
Customer service	115,521	113,768	1,753
Finance	143,814	128,140	15,674
Village hall shared building	26,803	17,066	9,737
Other general administration	164,801	147,425	17,376
<b>Total General Government</b>	<u>1,064,098</u>	<u>975,761</u>	<u>88,337</u>
Public Safety			
Police department	3,739,863	3,625,993	113,870
Planning and building inspection	376,059	359,807	16,252
Fire and other public safety	2,716,981	2,704,256	12,725
<b>Total Public Safety</b>	<u>6,832,903</u>	<u>6,690,056</u>	<u>142,847</u>
Public Works			
Public works administration	627,484	290,510	336,974
Building maintenance	163,714	212,562	(48,848)
Municipal garage	304,380	291,597	12,783
Street and alley	59,360	78,100	(18,740)
Street sweeping	8,841	5,604	3,237
Street lighting	147,015	145,844	1,171
Street signals	24,382	16,156	8,226

See independent auditor's report.

**VILLAGE OF SHOREWOOD**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND

For the Year Ended December 31, 2013

(concluded)

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>EXPENDITURES (Continued)</b>			
Public Works (Continued)			
Street marking	\$ 14,662	\$ 21,367	\$ (6,705)
Winter maintenance	107,584	154,636	(47,052)
Refuse disposal	314,714	498,656	(183,942)
Recycling	165,756	173,361	(7,605)
Yard waste/leaf collection	79,681	123,855	(44,174)
Total Public Works	<u>2,017,573</u>	<u>2,012,248</u>	<u>5,325</u>
Health Department	<u>152,668</u>	<u>145,475</u>	<u>7,193</u>
Culture and Recreation			
Parks and beautification	174,474	147,319	27,155
Village center	7,112	5,952	1,160
Atwater beach	52,304	25,823	26,481
Celebrations	37,854	90,428	(52,574)
Total Culture and Recreation	<u>271,744</u>	<u>269,522</u>	<u>2,222</u>
Conservation and Development			
Forestry	<u>136,912</u>	<u>226,529</u>	<u>(89,617)</u>
Total Conservation and Development	<u>136,912</u>	<u>226,529</u>	<u>(89,617)</u>
TOTAL EXPENDITURES	<u>10,475,898</u>	<u>10,319,591</u>	<u>156,307</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>1,326,814</u>	<u>1,646,091</u>	<u>319,277</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	124,000	158,790	34,790
Transfers out	<u>(93,000)</u>	<u>(153,238)</u>	<u>(60,238)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>31,000</u>	<u>5,552</u>	<u>(25,448)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,357,814</u>	<u>\$ 1,651,643</u>	<u>\$ 293,829</u>
FUND BALANCES - BEGINNING OF YEAR		<u>4,454,758</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 6,106,401</u>	

See independent auditor's report.

**VILLAGE OF SHOREWOOD**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Postemployment Health Care Plan</b>						
01/01/07	\$ -	\$ 4,446,000	\$ 4,446,000	0%	\$ 4,343,601	102%
01/01/11	-	1,923,136	1,923,136	0%	4,828,912	40%

Notes: The Village is required to present the above information for the three most recent actuarial studies. The above referenced studies were performed as of January 1, 2007 for the year ended December 31, 2008 and as of January 1, 2011 for the year ended December 31, 2011. These were the only studies that have been completed or required.

The unfunded actuarial accrued postemployment benefit liability determined by the current (2011) valuation has been compared to the prior valuation. Some of the factors significantly affecting the change in the unfunded actuarial accrued OPEB liability is due to the following factors which impact the identification of trends in the amounts reported:

- demographic assumptions used in the prior report, such as rates of retirement, disablement, and separation, were based upon the Wisconsin Retirement System (WRS) 2005 annual report. However, the demographic assumptions used in the current study are based upon updated assumptions from the 2009 WRS annual report.
- the Village has made changes to its medical plan design which in turn has resulted in lower premiums than were expected in the prior valuation. Furthermore, the assumed medical trend (select and ultimate rates) has been adjusted:
  - (a) From an annual healthcare cost trend rate of 12% initially, reduced by decrements to an ultimate rate of 4%
  - (b) To a 5% initial decrease, followed by a 10% increase, then reduced by 1% per year to an ultimate rate of 5%
- the interest/discount rate has been updated from 4% as was used in the prior valuation to 5%.

VILLAGE OF SHOREWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
As of and For the Year Ended December 31, 2013

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***Budgetary Information***

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

Excess expenditures over appropriations are as follows:

<u>General Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Board	\$ 30,897	\$ 35,484	\$ 4,587
Building maintenance	163,714	212,562	48,848
Street and alley	59,360	78,100	18,740
Street marking	14,662	21,367	6,705
Winter maintenance	107,584	154,636	47,052
Refuse disposal	314,714	498,656	183,942
Recycling	165,756	173,361	7,605
Yard waste/leaf collection	79,681	123,855	44,174
Celebrations	37,854	90,428	52,574
Forestry	136,912	226,529	89,617
Transfers (out)	93,000	153,238	60,238

SUPPLEMENTARY  
INFORMATION

**VILLAGE OF SHOREWOOD**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
As of December 31, 2013

(continued)

	Special Revenue Funds		
	Library	Police Special Funds	Shorewood Today
<b>ASSETS</b>			
Cash and cash equivalents	\$ 679,154	\$ 17,862	\$ 3,254
Taxes receivable	313,026	-	2,006
Accounts receivable	-	-	3,771
	<u>992,180</u>	<u>17,862</u>	<u>9,031</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 31,537	\$ -	\$ -
Accrued liabilities	14,241	-	-
Due to other funds	-	-	-
Total Liabilities	<u>45,778</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Taxes levied for subsequent year's budget	795,984	-	5,100
Unavailable revenues	-	-	-
Total Deferred Inflows of Resources	<u>795,984</u>	<u>-</u>	<u>5,100</u>
Fund Balances (Deficit)			
Restricted			
Police grants	-	10,706	-
Library Auermilller donation	23,781	-	-
Committed	-	7,156	3,931
Assigned	126,637	-	-
Unassigned (deficit)	-	-	-
Total Fund Balances (Deficit)	<u>150,418</u>	<u>17,862</u>	<u>3,931</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<u>\$ 992,180</u>	<u>\$ 17,862</u>	<u>\$ 9,031</u>

(concluded)

<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Senior Services</u>	<u>Marketing Shorewood</u>	<u>TID No. 3</u>	
\$ 64,203	\$ 36,536	\$ -	\$ 801,009
37,942	11,798	26,574	391,346
-	-	-	3,771
<u>\$ 102,145</u>	<u>\$ 48,334</u>	<u>\$ 26,574</u>	<u>\$ 1,196,126</u>
\$ 1,727	\$ 1,215	\$ 18,414	\$ 52,893
1,616	-	-	15,857
-	-	173,417	173,417
<u>3,343</u>	<u>1,215</u>	<u>191,831</u>	<u>242,167</u>
96,481	30,000	67,574	995,139
-	-	-	-
<u>96,481</u>	<u>30,000</u>	<u>67,574</u>	<u>995,139</u>
-	-	-	10,706
-	-	-	23,781
2,321	17,119	-	30,527
-	-	-	126,637
-	-	(232,831)	(232,831)
<u>2,321</u>	<u>17,119</u>	<u>(232,831)</u>	<u>(41,180)</u>
<u>\$ 102,145</u>	<u>\$ 48,334</u>	<u>\$ 26,574</u>	<u>\$ 1,196,126</u>

See independent auditor's report.

**VILLAGE OF SHOREWOOD**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2013

(continued)

	Special Revenue Funds		
	Library	Police Special Funds	Shorewood Today
<b>REVENUES</b>			
Taxes	\$ 784,205	\$ -	\$ 4,500
Intergovernmental	84,121	14,654	-
Charges for services	51,907	-	50,976
Investment income	80	-	-
Other revenues	4,056	-	-
Total Revenues	<u>924,369</u>	<u>14,654</u>	<u>55,476</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	59,240
Public safety	-	6,297	-
Health and social services	-	-	-
Culture and recreation	885,499	-	-
Conservation and development	-	-	-
Capital Outlay	24,177	-	-
Debt Service			
Interest and fiscal charges	-	-	-
Total Expenditures	<u>909,676</u>	<u>6,297</u>	<u>59,240</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,693</u>	<u>8,357</u>	<u>(3,764)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of refunding bonds	-	-	-
Premium on bonds issued	-	-	-
Transfers in	-	-	4,500
Transfers out	(12,843)	-	-
Total Other Financing Sources (Uses)	<u>(12,843)</u>	<u>-</u>	<u>4,500</u>
<b>Net Change in Fund Balance</b>	1,850	8,357	736
FUND BALANCES (DEFICIT) - Beginning of Year	<u>148,568</u>	<u>9,505</u>	<u>3,195</u>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<u>\$ 150,418</u>	<u>\$ 17,862</u>	<u>\$ 3,931</u>

(concluded)

<u>Special Revenue Funds</u>		Capital Projects	Total
Senior	Marketing	Fund	Nonmajor
Services	Shorewood	TID No. 3	Governmental
			Funds
\$ 86,578	\$ 35,000	\$ -	\$ 910,283
10,613	-	13,256	122,644
38,227	20,000	-	161,110
-	-	60	140
<u>28,255</u>	<u>12,785</u>	<u>-</u>	<u>45,096</u>
<u>163,673</u>	<u>67,785</u>	<u>13,316</u>	<u>1,239,273</u>
-	63,505	-	122,745
-	-	-	6,297
159,714	-	-	159,714
-	-	-	885,499
-	-	45,369	45,369
-	-	-	24,177
<u>-</u>	<u>-</u>	<u>5,072</u>	<u>5,072</u>
<u>159,714</u>	<u>63,505</u>	<u>50,441</u>	<u>1,248,873</u>
<u>3,959</u>	<u>4,280</u>	<u>(37,125)</u>	<u>(9,600)</u>
-	-	440,200	440,200
-	-	14,619	14,619
-	12,000	-	16,500
<u>-</u>	<u>(4,500)</u>	<u>(489,490)</u>	<u>(506,833)</u>
<u>-</u>	<u>7,500</u>	<u>(34,671)</u>	<u>(35,514)</u>
3,959	11,780	(71,796)	(45,114)
<u>(1,638)</u>	<u>5,339</u>	<u>(161,035)</u>	<u>3,934</u>
<u>\$ 2,321</u>	<u>\$ 17,119</u>	<u>\$ (232,831)</u>	<u>\$ (41,180)</u>

See independent auditor's report.

**VILLAGE OF SHOREWOOD**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For the Year Ended December 31, 2013

(continued)

	Library			Police Special Funds		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>						
Taxes	\$784,205	\$ 784,205	\$ -	\$ -	\$ -	\$ -
Intergovernmental	83,898	84,121	223	3,680	14,654	10,974
Charges for services	55,000	51,907	(3,093)	750	-	(750)
Investment income	-	80	80	-	-	-
Other revenues	6,200	4,056	(2,144)	-	-	-
<b>Total Revenues</b>	<u>929,303</u>	<u>924,369</u>	<u>(4,934)</u>	<u>4,430</u>	<u>14,654</u>	<u>10,224</u>
<b>EXPENDITURES</b>						
Current						
Public safety	-	-	-	4,430	6,297	(1,867)
Culture and recreation	929,303	885,499	43,804	-	-	-
Capital Outlay	-	24,177	(24,177)	-	-	-
<b>Total Expenditures</b>	<u>929,303</u>	<u>909,676</u>	<u>19,627</u>	<u>4,430</u>	<u>6,297</u>	<u>(1,867)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>14,693</u>	<u>14,693</u>	<u>-</u>	<u>8,357</u>	<u>8,357</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	-	(12,843)	(12,843)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(12,843)</u>	<u>(12,843)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>1,850</u>	<u>\$ 1,850</u>	<u>\$ -</u>	<u>8,357</u>	<u>\$ 8,357</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>148,568</u>			<u>9,505</u>	
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>		<u>\$ 150,418</u>			<u>\$17,862</u>	

**VILLAGE OF SHOREWOOD**

SPECIAL REVENUE FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2013

(continued)

	Shorewood Today		
	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 4,500	\$ 4,500	\$ -
Intergovernmental	-	-	-
Charges for services	47,110	50,976	3,866
Investment income	-	-	-
Other revenues	-	-	-
Total Revenues	51,610	55,476	3,866
<b>EXPENDITURES</b>			
Current			
General government	56,110	59,240	(3,130)
Total Expenditures	56,110	59,240	(3,130)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,500)	(3,764)	736
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	4,500	4,500	-
Total Other Financing Sources (Uses)	4,500	4,500	-
<b>Net Change in Fund Balance</b>	\$ -	736	\$ 736
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		3,195	
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>		\$ 3,931	

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2013

(concluded)

	Senior Services			Marketing Shorewood		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>						
Taxes	\$ 86,578	\$ 86,578	\$ -	\$ 35,000	\$35,000	\$ -
Intergovernmental	10,000	10,613	613	-	-	-
Charges for services	35,344	38,227	2,883	20,000	20,000	-
Other revenues	32,322	28,255	(4,067)	29,000	12,785	(16,215)
Total Revenues	<u>164,244</u>	<u>163,673</u>	<u>(571)</u>	<u>84,000</u>	<u>67,785</u>	<u>(16,215)</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	89,500	63,505	25,995
Health and social services	164,244	159,714	4,530	-	-	-
Total Expenditures	<u>164,244</u>	<u>159,714</u>	<u>4,530</u>	<u>89,500</u>	<u>63,505</u>	<u>25,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>3,959</u>	<u>3,959</u>	<u>(5,500)</u>	<u>4,280</u>	<u>9,780</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	10,000	12,000	2,000
Transfers out	-	-	-	(4,500)	(4,500)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>7,500</u>	<u>2,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>3,959</u>	<u>\$ 3,959</u>	<u>\$ -</u>	<u>11,780</u>	<u>\$ 11,780</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>(1,638)</u>			<u>5,339</u>	
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>		<u>\$ 2,321</u>			<u>\$17,119</u>	

**VILLAGE OF SHOREWOOD**

DEBT SERVICE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2013

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 1,004,692	\$ 1,004,692	\$ -
Intergovernmental	52,818	48,697	(4,121)
Investment income	1,000	737	(263)
Total Revenues	<u>1,058,510</u>	<u>1,054,126</u>	<u>(4,384)</u>
<b>EXPENDITURES</b>			
Debt Service			
Principal retirement	1,877,896	1,877,896	-
Interest and fiscal charges	1,078,295	1,078,407	(112)
Total Expenditures	<u>2,956,191</u>	<u>2,956,303</u>	<u>(112)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,897,681)</u>	<u>(1,902,177)</u>	<u>(4,496)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Payment to refunding escrow agent	-	(1,800,947)	(1,800,947)
Transfers in	1,897,681	7,363,435	5,465,754
Total Other Financing Sources (Uses)	<u>1,897,681</u>	<u>5,562,488</u>	<u>3,664,807</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	3,660,311	<u>\$3,660,311</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>44,950</u>	
<b>FUND BALANCE - END OF YEAR</b>		<u>\$ 3,705,261</u>	

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2013

(continued)

	General Capital Projects			TID No. 1		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>						
Taxes	\$ 628,606	\$ 628,606	\$ -	\$ 70,364	\$ 72,228	\$ 1,864
Intergovernmental	644,898	362,350	(282,548)	25,000	22,958	(2,042)
Charges for services	65,000	182,651	117,651	300	5,000	4,700
Investment income	5,000	4,584	(416)	15,000	22,965	7,965
Other Income	-	38,749	38,749	-	8,295	8,295
Total Revenues	<u>1,343,504</u>	<u>1,216,940</u>	<u>(165,313)</u>	<u>110,664</u>	<u>131,446</u>	<u>12,487</u>
<b>EXPENDITURES</b>						
Current						
Conservation and development	-	-	-	93,209	349,288	(256,079)
Capital Outlay	2,198,605	2,021,268	177,337	-	-	-
Debt Service						
Principal retirement	-	73,290	(73,290)	-	-	-
Interest and fiscal charges	-	-	-	600	64,993	(64,393)
Total Expenditures	<u>2,198,605</u>	<u>2,094,558</u>	<u>104,047</u>	<u>93,809</u>	<u>414,281</u>	<u>(320,472)</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(855,101)</u>	<u>(877,618)</u>	<u>(61,266)</u>	<u>16,855</u>	<u>(282,835)</u>	<u>(307,985)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of capital assets	6,500	18,309	11,809	-	-	-
Issuance of refunding bonds	-	-	-	-	4,849,800	4,849,800
Premium on bonds issued	-	-	-	-	182,421	182,421
Transfers in	140,250	153,237	12,987	-	-	-
Transfers out	<u>(377,314)</u>	<u>(377,314)</u>	<u>-</u>	<u>(1,238,468)</u>	<u>(6,281,861)</u>	<u>(5,043,393)</u>
Total Other Financing Sources (Uses)	<u>(230,564)</u>	<u>(205,768)</u>	<u>24,796</u>	<u>(1,238,468)</u>	<u>(1,249,640)</u>	<u>(11,172)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,085,665)</u>	<u>(1,083,386)</u>	<u>\$ (36,470)</u>	<u>\$ (1,221,613)</u>	<u>(1,532,475)</u>	<u>\$ (319,157)</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>1,649,315</u>			<u>4,401,774</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 565,929</u>			<u>\$ 2,869,299</u>	

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For the Year Ended December 31, 2013

(concluded)

	TID No. 3			TID No. 4		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,600	13,256	(5,344)	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	60	60	108,412	104,331	(4,081)
Other revenues	-	-	-	-	-	-
Total Revenues	<u>18,600</u>	<u>13,316</u>	<u>(5,284)</u>	<u>108,412</u>	<u>104,331</u>	<u>(4,081)</u>
<b>EXPENDITURES</b>						
Current						
Conservation and development	754	45,369	(44,615)	4,141,809	1,625,379	2,516,430
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	5,072	(5,072)	-	350	(350)
Total Expenditures	<u>754</u>	<u>50,441</u>	<u>(49,687)</u>	<u>4,141,809</u>	<u>1,625,729</u>	<u>2,516,080</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>17,846</u>	<u>(37,125)</u>	<u>(54,971)</u>	<u>(4,033,397)</u>	<u>(1,521,398)</u>	<u>2,511,999</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of refunding bonds	-	440,200	440,200	-	-	-
Premium on bonds issued	-	14,619	14,619	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(30,790)	(489,490)	(458,700)	(226,744)	(226,771)	(27)
Total Other Financing Sources (Uses)	<u>(30,790)</u>	<u>(34,671)</u>	<u>(3,881)</u>	<u>(226,744)</u>	<u>(226,771)</u>	<u>(27)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (12,944)</u>	<u>(71,796)</u>	<u>\$ (58,852)</u>	<u>\$ (4,260,141)</u>	<u>(1,748,169)</u>	<u>\$ 2,511,972</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>(161,035)</u>			<u>7,645,854</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ (232,831)</u>			<u>\$5,897,685</u>	

STATISTICAL

SECTION

# VILLAGE OF SHOREWOOD

## STATISTICAL SECTION

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This part of the Village of Shorewood's comprehensive annual financial report presents detailed information as a framework for understanding what the information in the financial statements note disclosures, and required supplementary information says about the overall financial well-being of the Village.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	99-104
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	105-110
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue new debt in the future.	111-114
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	115-117
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	118-120

*Sources: Unless otherwise noted, the information in these schedules is obtained from the comprehensive annual financial reports for the given year. The Village implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.*

VILLAGE OF SHOREWOOD

NET POSITION BY COMPONENT  
Last Ten Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Net investment in capital assets	\$ (484,370)	\$ 1,245,585	\$ 8,068,421	\$ 11,784,332	\$ 11,477,143	\$ 12,045,928	\$ 11,803,216	\$ 13,053,906	\$ 13,704,213	\$ 9,865,669
Restricted	612,174	1,324,076	417,552	473,970	288,443	299,467	282,499	53,585	74,174	3,739,908
Unrestricted	<u>(1,512,870)</u>	<u>(2,890,457)</u>	<u>308,716</u>	<u>(535,887)</u>	<u>137,125</u>	<u>(126,768)</u>	<u>(2,792,958)</u>	<u>(6,318,265)</u>	<u>(7,115,016)</u>	<u>(8,209,666)</u>
Total	<u>(1,385,066)</u>	<u>(320,796)</u>	<u>8,794,689</u>	<u>11,722,415</u>	<u>11,902,711</u>	<u>12,218,627</u>	<u>9,292,757</u>	<u>6,789,226</u>	<u>6,663,371</u>	<u>5,395,911</u>
<b>Business-Type Activities</b>										
Net investment in capital assets	6,452,432	6,818,344	5,797,835	5,013,959	5,181,663	4,846,237	5,488,785	7,843,415	8,271,762	8,661,975
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>677,868</u>	<u>225,769</u>	<u>1,199,873</u>	<u>825,750</u>	<u>257,910</u>	<u>208,047</u>	<u>(686,652)</u>	<u>(439,907)</u>	<u>(951,552)</u>	<u>(877,131)</u>
Total	<u>7,130,300</u>	<u>7,044,113</u>	<u>6,997,708</u>	<u>5,839,709</u>	<u>5,439,573</u>	<u>5,054,284</u>	<u>4,802,133</u>	<u>7,403,508</u>	<u>7,320,210</u>	<u>7,784,844</u>
<b>Primary Government</b>										
Net investment in capital assets	5,968,062	8,063,929	13,866,256	16,798,291	16,658,806	16,892,165	17,292,001	20,897,321	20,207,996	16,859,756
Restricted	612,174	1,324,076	417,552	473,970	288,443	299,467	282,499	53,585	74,174	3,739,908
Unrestricted	<u>(835,002)</u>	<u>(2,664,688)</u>	<u>1,508,589</u>	<u>289,863</u>	<u>395,035</u>	<u>81,279</u>	<u>(3,479,610)</u>	<u>(6,758,172)</u>	<u>(6,298,589)</u>	<u>(7,418,910)</u>
Total	<u>\$ 5,745,234</u>	<u>\$ 6,723,317</u>	<u>\$ 15,792,397</u>	<u>\$ 17,562,124</u>	<u>\$ 17,342,284</u>	<u>\$ 17,272,911</u>	<u>\$ 14,094,890</u>	<u>\$ 14,192,734</u>	<u>\$ 13,983,581</u>	<u>\$ 13,180,754</u>

A portion of governmental activities borrowings are considered to be noncapital for the governmental activities net investment in capital assets, but are considered to be capital related for the primary government as a whole. This adjustment in 2012 was \$1,767,979 which represents governmental activities borrowing for capital assets of the business-type activities. The adjustment for 2013 is \$1,667,888 which represents the remaining principal balances on these borrowings.

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION  
Last Ten Years

(continued)

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
Governmental Activities					
General government	\$ 1,318,351	\$ 1,622,899	\$ 989,767	\$ 1,139,323	\$ 1,074,631
Public safety	5,391,964	5,490,221	5,421,782	5,689,439	5,886,599
Public works	365,057	386,412	398,251	412,820	429,456
Health and social services	1,874,277	1,868,372	2,125,794	2,796,785	3,483,305
Culture and recreation	1,322,561	1,013,572	1,334,415	1,419,136	1,958,092
Conservation and development	593,566	336,515	698,032	605,611	857,009
Interest and fiscal charges	647,606	667,507	710,427	665,079	725,962
Total Government Activities Expenses	<u>11,513,382</u>	<u>11,385,498</u>	<u>11,678,468</u>	<u>12,728,193</u>	<u>14,415,054</u>
Business-Type Activities					
Parking	124,965	125,749	148,956	155,513	162,030
Water Utility	840,965	934,183	962,936	1,034,205	1,058,469
Sewer Utility	870,557	928,452	944,940	1,103,932	1,226,171
Total Business-Type Activities Expenses	<u>1,836,487</u>	<u>1,988,384</u>	<u>2,056,832</u>	<u>2,293,650</u>	<u>2,446,670</u>
Total Primary Government Expenses	<u>13,349,869</u>	<u>13,373,882</u>	<u>13,735,300</u>	<u>15,021,843</u>	<u>16,861,724</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for services	1,013,428	1,239,824	1,340,800	1,410,519	1,252,065
Operating grants and contributions	743,416	783,530	726,021	868,249	699,950
Capital grants and contributions	168,943	18,492	99,775	26,394	63,496
Total Governmental Activities Program Revenues	<u>1,925,787</u>	<u>2,041,846</u>	<u>2,166,596</u>	<u>2,305,162</u>	<u>2,015,511</u>
Business-Type Activities					
Charges for services	2,057,225	2,057,686	2,040,297	2,141,154	2,110,966
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>2,057,225</u>	<u>2,057,686</u>	<u>2,040,297</u>	<u>2,141,154</u>	<u>2,110,966</u>
Total Primary Government Program Revenues	<u>3,983,012</u>	<u>4,099,532</u>	<u>4,206,893</u>	<u>4,446,316</u>	<u>4,126,477</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION  
Last Ten Years

(continued)

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Expenses</b>					
Governmental Activities					
General government	\$ 1,144,251	\$ 1,207,164	\$ 1,176,140	\$ 1,305,008	\$1,210,825
Public safety	6,031,982	6,090,227	6,855,057	6,988,644	7,039,505
Public works	504,886	5,489,734	4,146,710	3,422,047	4,134,351
Health and social services	3,314,720	367,852	363,298	299,287	300,698
Culture and recreation	1,184,539	1,346,194	1,712,091	1,283,662	1,345,701
Conservation and development	1,631,759	2,528,039	2,285,189	1,110,846	2,250,391
Interest and fiscal charges	712,583	848,052	884,021	1,367,838	1,078,014
Total Government Activities Expenses	<u>14,524,720</u>	<u>17,877,262</u>	<u>17,422,506</u>	<u>15,777,332</u>	<u>17,359,485</u>
Business-Type Activities					
Parking	159,878	171,855	214,358	184,432	174,076
Water Utility	1,125,213	1,179,876	1,287,836	1,390,015	1,330,211
Sewer Utility	1,308,994	1,309,817	1,675,352	1,624,196	1,547,718
Total Business-Type Activities Expenses	<u>2,594,085</u>	<u>2,661,548</u>	<u>3,177,546</u>	<u>3,198,643</u>	<u>3,052,005</u>
Total Primary Government Expenses	<u>17,118,805</u>	<u>20,538,810</u>	<u>20,600,052</u>	<u>18,975,975</u>	<u>20,411,490</u>
<b>Program Revenues</b>					
Governmental Activities					
Charges for services	1,225,630	1,169,641	1,271,890	1,319,962	1,459,202
Operating grants and contributions	912,109	996,816	1,089,423	1,025,336	1,030,409
Capital grants and contributions	428,538	518,409	1,035,176	200,913	484,729
Total Governmental Activities Program Revenues	<u>2,566,277</u>	<u>2,684,866</u>	<u>3,396,489</u>	<u>2,546,211</u>	<u>2,974,340</u>
Business-Type Activities					
Charges for services	2,286,517	2,377,259	2,900,918	3,286,396	3,627,146
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	11,886	1,580,988	275,000	-
Total Business-Type Activities Program Revenues	<u>2,286,517</u>	<u>2,389,145</u>	<u>4,481,906</u>	<u>3,561,396</u>	<u>3,627,146</u>
Total Primary Government Program Revenues	<u>4,852,794</u>	<u>5,074,011</u>	<u>7,878,395</u>	<u>6,107,607</u>	<u>6,601,486</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION  
Last Ten Years

(continued)

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$(9,587,595)	\$(9,343,652)	\$(9,511,872)	\$(10,423,031)	\$(12,399,543)
Business-Type Activities	<u>220,738</u>	<u>69,302</u>	<u>(16,535)</u>	<u>(152,496)</u>	<u>(335,704)</u>
Total Primary Government Net Expenses	<u>(9,366,857)</u>	<u>(9,274,350)</u>	<u>(9,528,407)</u>	<u>(10,575,527)</u>	<u>(12,735,247)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Property taxes	9,351,448	9,691,175	10,173,907	10,519,010	11,065,709
Intergovernmental revenues not restricted to specific programs	709,721	810,990	712,393	704,610	724,684
Investment income	213,077	490,259	632,340	742,490	463,533
Miscellaneous	237,668	187,293	290,332	317,335	243,211
Transfers	<u>62,697</u>	<u>62,268</u>	<u>74,934</u>	<u>78,575</u>	<u>82,702</u>
Total Governmental Activities	<u>10,574,611</u>	<u>11,241,985</u>	<u>11,883,906</u>	<u>12,362,020</u>	<u>12,579,839</u>
Business-Type Activities:					
Intergovernmental revenues not restricted to specific programs	18,539	31,420	-	-	-
Investment income	39,308	41,296	45,064	61,809	18,270
Special item	-	-	-	-	-
Transfers	<u>(62,697)</u>	<u>(62,268)</u>	<u>(74,934)</u>	<u>(78,575)</u>	<u>(82,702)</u>
Total Business-Type Activities	<u>(4,850)</u>	<u>10,448</u>	<u>(29,870)</u>	<u>(16,766)</u>	<u>(64,432)</u>
Total Primary Government	<u>10,569,761</u>	<u>11,252,433</u>	<u>11,854,036</u>	<u>12,345,254</u>	<u>12,515,407</u>
<b>Change in Net Position</b>					
Governmental Activities	987,016	1,898,333	2,372,034	1,938,989	180,296
Business-Type Activities	<u>215,888</u>	<u>79,750</u>	<u>(46,405)</u>	<u>(169,262)</u>	<u>(400,136)</u>
Total Primary Government	<u>\$ 1,202,904</u>	<u>\$ 1,978,083</u>	<u>\$ 2,325,629</u>	<u>\$ 1,769,727</u>	<u>\$ (219,840)</u>

(1) Past year's revenues and expenses have not been adjusted for restatements or reclassifications made in future years.

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION  
Last Ten Years

(concluded)

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Net (Expense)/Revenue</b>					
Governmental Activities	\$ (11,958,443)	\$ (15,192,396)	\$ (14,026,017)	\$ (13,231,121)	\$ (14,385,145)
Business-Type Activities	<u>(307,568)</u>	<u>(272,403)</u>	<u>1,304,360</u>	<u>362,753</u>	<u>575,141</u>
Total Primary Government Net Expenses	<u>(12,266,011)</u>	<u>(15,464,799)</u>	<u>(12,721,657)</u>	<u>(12,868,368)</u>	<u>(13,810,004)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities					
Property taxes	10,941,896	11,074,984	11,526,622	12,122,900	12,061,130
Intergovernmental revenues not restricted to specific programs	779,829	669,473	662,114	590,495	495,365
Investment income	93,157	205,858	160,354	246,596	225,305
Miscellaneous	373,436	327,509	299,913	173,987	189,940
Transfers	<u>86,041</u>	<u>(11,298)</u>	<u>(1,126,517)</u>	<u>159,760</u>	<u>145,945</u>
Total Governmental Activities	<u>12,274,359</u>	<u>12,266,526</u>	<u>11,522,486</u>	<u>13,293,738</u>	<u>13,117,685</u>
Business-Type Activities					
Intergovernmental revenues not restricted to specific programs	-	-	158,800	53,994	30,225
Investment income	8,320	8,954	11,698	12,227	5,213
Special item	-	-	-	(300,000)	-
Transfers	<u>(86,041)</u>	<u>11,298</u>	<u>1,126,517</u>	<u>(159,760)</u>	<u>(145,945)</u>
Total Business-Type Activities	<u>(77,721)</u>	<u>20,252</u>	<u>1,297,015</u>	<u>(393,539)</u>	<u>(110,507)</u>
Total Primary Government	<u>12,196,638</u>	<u>12,286,778</u>	<u>12,819,501</u>	<u>12,900,199</u>	<u>13,007,178</u>
<b>Change in Net Position</b>					
Governmental Activities	315,916	(2,925,870)	(2,503,531)	62,617	(1,267,460)
Business-Type Activities	<u>(385,289)</u>	<u>(252,151)</u>	<u>2,601,375</u>	<u>(30,786)</u>	<u>464,634</u>
Total Primary Government	<u>\$ (69,373)</u>	<u>\$ (3,178,021)</u>	<u>\$ 97,844</u>	<u>\$ 31,831</u>	<u>\$ (802,826)</u>

(1) Past year's revenues and expenses have not been adjusted for restatements or reclassifications made in future years.

VILLAGE OF SHOREWOOD

FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 880,956	\$ 944,491	\$ 378,625	\$ 440,899	\$ 433,618	\$ 2,166,874	\$ 1,340,238	\$ -	\$ -	\$ -
Unreserved	4,324,970	4,267,585	5,075,774	5,129,507	4,981,937	2,905,259	3,643,558	-	-	-
Nonspendable	-	-	-	-	-	-	-	1,193,705	889,565	1,650,448
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	124,410	118,264	115,768
Assigned	-	-	-	-	-	-	-	441,399	444,898	372,554
Unassigned	-	-	-	-	-	-	-	3,745,364	3,002,031	3,967,631
Total General Fund	<u>5,205,926</u>	<u>5,212,076</u>	<u>5,454,399</u>	<u>5,570,406</u>	<u>5,415,555</u>	<u>5,072,133</u>	<u>4,983,796</u>	<u>5,504,878</u>	<u>4,454,758</u>	<u>6,106,401</u>
All Other Governmental Funds										
Reserved	723,618	2,423,905	1,379,544	1,389,895	1,228,012	1,247,724	1,715,451	-	-	-
Unreserved, reported in:										
Special revenue funds	209,063	335,826	516,894	593,378	576,808	828,547	616,708	-	-	-
Capital projects funds	4,010,229	1,665,874	2,002,943	605,708	1,327,202	823,392	2,946,343	-	-	-
Non-spendable	-	-	-	-	-	-	-	25,064	1,660	3,896,674
Restricted	-	-	-	-	-	-	-	2,964,160	13,477,045	8,610,058
Committed	-	-	-	-	-	-	-	10,201	12,551	30,527
Assigned	-	-	-	-	-	-	-	456,486	417,810	692,566
Unassigned (deficit)	-	-	-	-	-	-	-	(495,902)	(163,238)	(232,831)
Total	<u>4,942,910</u>	<u>4,425,605</u>	<u>3,899,381</u>	<u>2,588,981</u>	<u>3,132,022</u>	<u>2,899,663</u>	<u>5,278,502</u>	<u>2,960,009</u>	<u>13,745,828</u>	<u>12,996,994</u>
Total Fund Balances	<u>\$ 10,148,836</u>	<u>\$ 9,637,681</u>	<u>\$ 9,353,780</u>	<u>\$ 8,159,387</u>	<u>\$ 8,547,577</u>	<u>\$ 7,971,796</u>	<u>\$ 10,262,298</u>	<u>\$ 8,464,887</u>	<u>\$ 18,200,586</u>	<u>\$ 19,103,395</u>

In 2011, the Village implemented GASB Statement No. 54, which changed the classifications of fund balances. Prior periods have not be reclassified to this new standard.

**VILLAGE OF SHOREWOOD**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Years

(continued)

	Fiscal Year				
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Taxes	\$ 9,351,448	\$9,691,174	\$ 10,188,414	\$ 10,519,010	\$ 11,065,709
Intergovernmental revenue	1,591,505	1,650,823	1,641,700	1,620,241	1,577,672
Regulation and compliance	346,580	973,148	1,031,562	1,071,156	989,596
Fines	-	-	-	-	-
Charges for services	495,155	265,336	266,611	286,600	291,119
Special assessments	273,814	29,791	43,965	59,075	36,255
Investment income	122,499	490,256	632,220	742,491	463,532
Other revenues	356,625	201,291	169,254	238,288	216,079
<b>Total Revenues</b>	<u>12,537,626</u>	<u>13,301,819</u>	<u>13,973,726</u>	<u>14,536,861</u>	<u>14,639,962</u>
<b>Expenditures</b>					
Current					
General government	1,744,023	1,674,111	1,338,953	1,386,829	1,388,318
Public safety	5,275,675	5,253,464	5,426,565	5,635,635	5,727,558
Public works	1,645,801	1,730,542	1,654,596	1,848,499	2,005,840
Health and social services	382,344	372,783	450,327	424,026	458,895
Culture and recreation	847,960	857,392	897,602	1,076,822	1,085,955
Conservation and development	80,101	99,185	119,366	208,479	364,120
Capital Outlay	1,033,777	1,651,450	2,255,272	3,277,009	4,742,289
Debt Service					
Principal	1,056,167	6,375,504	1,090,869	1,317,997	2,975,419
Interest and fiscal charges	639,205	610,394	686,920	674,655	867,219
<b>Total Expenditures</b>	<u>12,705,053</u>	<u>18,624,825</u>	<u>13,920,470</u>	<u>15,849,951</u>	<u>19,615,613</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	(167,427)	(5,323,006)	53,256	(1,313,090)	(4,975,651)
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,841,602	7,054,068	1,742,323	1,903,119	3,046,071
Transfers out	(1,778,905)	(6,991,800)	(1,667,389)	(1,824,544)	(2,963,369)
General obligation debt issued	133,000	5,735,035	920,000	-	5,260,000
Premium on bonds issued	-	-	-	-	-
Insurance recoveries	-	-	-	-	-
Payment on current refunding	-	-	-	-	-
Payment on advanced refunding	-	-	-	-	-
Payment of unfunded pension liability	-	(997,500)	-	-	-
Sale of property	18,141	12,048	17,116	40,122	21,139
<b>Total Other Financing Sources (Uses)</b>	<u>213,838</u>	<u>4,811,851</u>	<u>1,012,050</u>	<u>118,697</u>	<u>5,363,841</u>
<b>Net Change in Fund Balances</b>	<u>\$ 46,411</u>	<u>\$ (511,155)</u>	<u>\$ 1,065,306</u>	<u>\$ (1,194,393)</u>	<u>\$ 388,190</u>
<b>Debt Service as a percentage of noncapital expenditures</b>	13.63%	39.84%	14.20%	15.27%	24.03%

Past year's revenues and expenditures have not been adjusted for restatements made in future years.

Capital Asset Add's	\$ 265,905	\$1,089,264	\$ 1,403,665	\$ 2,804,318	\$ 3,625,995
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**VILLAGE OF SHOREWOOD**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Years**

(concluded)

	Fiscal Year				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Taxes	\$ 10,941,896	\$ 11,074,984	\$ 11,526,622	\$ 12,122,900	\$12,061,129
Intergovernmental revenue	1,859,463	1,784,758	1,819,587	1,738,798	1,459,011
Regulation and compliance	1,064,019	964,736	984,511	575,283	512,054
Fines	-	-	-	518,088	481,800
Charges for services	258,983	405,484	461,831	455,532	710,439
Special assessments	46,324	59,798	-	-	-
Investment income	93,155	191,674	154,326	258,836	225,409
Other revenues	432,380	261,624	173,457	289,235	261,956
<b>Total Revenues</b>	<b>14,696,220</b>	<b>14,743,058</b>	<b>15,120,334</b>	<b>15,958,672</b>	<b>15,711,798</b>
<b>Expenditures</b>					
<b>Current</b>					
General government	1,050,805	1,075,355	1,017,937	1,187,425	1,098,506
Public safety	5,872,096	6,155,896	6,654,552	6,659,581	6,696,353
Public works	1,882,244	1,877,680	1,998,131	1,872,165	2,012,248
Health and social services	529,898	381,643	378,314	322,481	305,189
Culture and recreation	1,254,578	1,401,219	1,216,690	1,078,581	1,155,021
Conservation and development	1,631,759	2,528,039	2,281,372	1,107,020	2,246,565
<b>Capital Outlay</b>	<b>1,345,103</b>	<b>3,984,888</b>	<b>5,301,464</b>	<b>3,782,267</b>	<b>2,045,445</b>
<b>Debt Service</b>					
Principal	1,089,495	1,183,677	1,283,566	1,620,382	1,951,186
Interest and fiscal charges	702,064	1,014,068	962,548	1,254,978	1,148,822
<b>Total Expenditures</b>	<b>15,358,042</b>	<b>19,602,465</b>	<b>21,094,574</b>	<b>18,884,880</b>	<b>18,659,335</b>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<b>(661,822)</b>	<b>(4,859,407)</b>	<b>(5,974,240)</b>	<b>(2,926,208)</b>	<b>(2,947,537)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,509,498	1,426,370	1,335,181	1,548,631	7,691,962
Transfers out	(1,423,457)	(1,329,204)	(1,237,860)	(1,414,800)	(7,546,017)
General obligation debt issued	-	8,461,554	6,390,000	12,220,000	5,290,000
Premium on bonds issued	-	-	113,680	120,998	197,040
Insurance recoveries	-	213,685	93,734	-	-
Payment on current refunding	-	(1,630,372)	-	-	-
Payment on advanced refunding	-	-	(2,521,049)	-	(1,800,947)
Payment of unfunded pension liability	-	-	-	-	-
Sale of property	-	7,876	3,142	41,889	18,309
<b>Total Other Financing Sources (Uses)</b>	<b>86,041</b>	<b>7,149,909</b>	<b>4,176,828</b>	<b>12,516,718</b>	<b>3,850,347</b>
<b>Net Change in Fund Balances</b>	<b>\$ (575,781)</b>	<b>\$ 2,290,502</b>	<b>\$ (1,797,412)</b>	<b>\$ 9,590,510</b>	<b>\$ 902,810</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>12.41%</b>	<b>11.92%</b>	<b>11.97%</b>	<b>17.46%</b>	<b>17.33%</b>

Past year's revenues and expenditures have not been adjusted for restatements made in future years.

\$ 926,180	\$ 1,170,999	\$ 2,323,317	\$ 2,413,817	\$ 768,117
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**VILLAGE OF SHOREWOOD**

ASSESSSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
For Valuation Years 2004 to 2013

Valuation Year	Collection Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2004	2005	\$ 791,821,400	\$ 164,949,700	\$ -	\$ 6,845,140	\$ 963,616,240	8.82	\$ 1,269,237,700	75.92%
2005	2006	809,778,400	164,086,400	-	9,225,990	983,090,790	8.85	1,386,844,700	70.89%
2006	2007	817,380,700	164,896,700	-	7,764,110	990,041,510	9.02	1,458,604,600	67.88%
2007	2008	1,240,704,200	239,535,600	-	13,215,340	1,493,455,140	6.20	1,497,125,900	99.75%
2008	2009	1,248,790,400	239,476,500	-	12,139,780	1,500,406,680	6.40	1,492,579,200	100.52%
2009	2010	1,252,323,700	239,948,000	-	11,166,646	1,503,438,346	6.60	1,525,289,600	98.57%
2010	2011	1,248,898,500	230,760,300	-	9,391,001	1,489,049,801	6.81	1,437,686,900	103.57%
2011	2012	1,245,011,200	234,660,300	-	9,041,500	1,488,713,000	5.97	1,419,303,600	104.89%
2012	2013	1,239,108,900	229,699,100	-	10,394,300	1,479,202,300	7.85	1,300,467,300	113.74%
2013	2014	1,237,362,500	234,546,000	-	9,633,700	1,481,542,200	7.17	1,330,875,300	111.32%

Source: Wisconsin Department of Revenue

Assessed values are as of January 1 of a given year are used for the following year's tax revenue. For example: assessed values on January 1, 2011 are used for the 2011 tax levy which is collected and shown as revenue in 2012. To aid in the review of assessed values, the 2013 values which are used for revenue collected in 2014 are also shown above.

Total Taxable Assessed Value does not include tax exempt properties; Tax exempt properties are not assigned values.

The Village does not have any agricultural property.

In 2008, the Village conducted a Village-wide property re-valuation in which all properties were reassessed.

**VILLAGE OF SHOREWOOD**

PROPERTY TAX RATES (PER \$1,000 OF ASSESSED VALUE)  
DIRECT AND OVERLAPPING GOVERNMENTS  
Last Ten Fiscal Years

Tax Year Collection Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Direct Rates</b>										
General Fund	7.35	7.11	7.07	4.69	4.90	5.03	5.18	4.31	6.39	5.28
Debt Service Fund	0.03	0.80	0.87	0.60	0.73	0.76	0.76	0.85	0.68	0.90
Capital Projects Fund	0.68	0.18	0.30	0.33	0.19	0.21	0.27	0.20	0.17	0.36
Library Fund	0.70	0.71	0.72	0.51	0.51	0.52	0.53	0.53	0.53	0.54
Senior Services	0.06	0.05	0.06	0.05	0.05	0.06	0.05	0.06	0.06	0.07
Shorewood Today	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marketing	-	-	-	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Total Direct Rate	<u>8.82</u>	<u>8.85</u>	<u>9.02</u>	<u>6.20</u>	<u>6.40</u>	<u>6.60</u>	<u>6.81</u>	<u>5.97</u>	<u>7.85</u>	<u>7.17</u>
<b>Overlapping Rates</b>										
Shorewood School District	15.29	14.45	15.50	11.07	11.33	11.83	12.22	12.29	12.19	12.44
Whitefish Bay School	-	-	-	-	-	-	0.00	0.00	0.00	0.00
State School Levy Credit	(2.07)	(2.49)	(2.73)	(2.01)	(2.01)	(1.97)	(1.96)	(1.96)	(1.97)	(1.96)
Milwaukee Area Technical College	2.47	2.54	2.49	1.69	1.76	1.88	1.79	1.71	1.86	1.91
Milwaukee County	5.80	5.74	5.53	3.71	3.80	4.08	4.16	4.14	4.43	4.61
Milwaukee Metropolitan Sewerage District	1.95	1.91	1.83	1.22	1.24	1.30	1.35	1.33	1.43	1.53
State Of Wisconsin	0.26	0.26	0.26	0.17	0.17	0.17	0.16	0.16	0.15	0.15
TID No. 1	1.24	1.51	1.60	1.22	0.89	0.80	0.91	2.18	0.05	0.03
Effective Rate	<u>33.76</u>	<u>32.77</u>	<u>33.50</u>	<u>23.27</u>	<u>23.58</u>	<u>24.69</u>	<u>25.44</u>	<u>25.80</u>	<u>25.99</u>	<u>25.88</u>

Source: Village Records

In 2008, the Village conducted a Village-wide property re-valuation in which all properties were reassessed.

Section 66.0602 of the Wisconsin State Statutes imposes a limit on property tax levies.

Generally, the levies are limited to the prior year's tax levy plus the change in debt service, and any increase in net new construction. For some years presented the limit also included an inflationary factor or a carryforward provision. Some other specific adjustments to the limits are allowed.

VILLAGE OF SHOREWOOD

PRINCIPAL PROPERTY TAXPAYERS  
Nine Years Ago and Current Year

2004					2013				
Taxpayer	Type of Business	Total Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Type of Business	Total Assessed Valuation	Rank	% of Total Assessed Valuation
Estabrook Homes	Apartments	\$ 12,349,610	1	1.28%	Karademas Enterprises I	Apartments	\$ 15,200,000	1	1.03%
River Park Development	Commercial	12,150,750	2	1.26%	Eastmore Real Estate/Sobczak LLC	Commercial	12,712,500	2	0.86%
Oakland Ave Property LP	Commercial	6,384,300	3	0.66%	Katz Properties	Commercial	12,053,100	3	0.81%
Fountainview	Commercial	6,023,450	4	0.63%	River Park Development	Commercial	11,046,000	4	0.75%
GG 3939 LLC	Apartments	3,377,980	5	0.35%	Fountain View	Apartments	8,100,000	5	0.55%
Montrose Apt	Apartments	3,080,660	6	0.32%	Exchequer LLC	Commercial/Mix	7,500,000	6	0.51%
Robinson Family	Apartments	2,950,000	7	0.31%	Oakland Ave Properties LP	Commercial	6,018,200	7	0.41%
North Shore Apts	Apartments	2,887,890	8	0.30%	Blankstein Enterprises	Commercial	6,008,900	8	0.41%
Greenbrier	Apartments	2,809,350	9	0.29%	Shoreline Properties	Commercial	5,936,100	9	0.40%
New World (Witi)	Commercial	<u>2,749,350</u>	10	<u>0.29%</u>	Wisconsin Robinson Family	Commercial	<u>4,529,300</u>	10	<u>0.31%</u>
Total		<u>\$ 54,763,340</u>		<u>5.68%</u>	Total		<u>\$ 89,104,100</u>		<u>6.01%</u>

Based on total Assessed Value as of January 1,  
 2004 \$ 963,616,240  
 2013 \$ 1,481,542,200

**VILLAGE OF SHOREWOOD**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
Last Ten Fiscal Years

Levy Year	Collection Year	Total Tax Levy	Total Uncollected	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2004	2005	\$ 8,804,177	\$ 1,181	\$ 8,802,996	99.99%	\$ -	\$ 8,802,996	99.99%
2005	2006	9,084,361	2,331	9,082,030	99.97%	-	9,082,030	99.97%
2006	2007	9,349,142	1,413	9,347,729	99.98%	-	9,347,729	99.98%
2007	2008	9,717,203	12,390	9,704,813	99.87%	-	9,704,813	99.87%
2008	2009	9,952,752	4,665	9,948,087	99.95%	-	9,948,087	99.95%
2009	2010	10,184,923	2,064	10,182,859	99.98%	-	10,182,859	99.98%
2010	2011	10,518,068	12,143	10,505,925	99.88%	10,057	10,515,982	99.98%
2011	2012	9,645,304	7,998	9,637,306	99.92%	-	9,637,306	99.92%
2012	2013	12,061,129	11,681	12,049,448	99.90%	-	12,049,448	99.90%
2013	2014	10,776,128	-	-	0.00%	-	-	0.00%

Tax bills are generated by December 15 of the levy year and are due January 31 of the following year or in installments through May 31.

After August 15 of the collection year Milwaukee county takes over all delinquent balances, excluding delinquent personal property taxes, thus the uncollected balance is typically very low.

Collections made between December 15 and July 31st of the subsequent year have been included in the column titled Collected within the Fiscal Year of the Levy.

Data on subsequent years collections are not available prior to 2011.

Collections for the 2013 tax levy are made in 2014 so no collection information is available.

**VILLAGE OF SHOREWOOD**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business Activities		Total Primary Government	% of Adjusted Gross Income (1)	Debt Per Capita
	General Obligation Bonds/Notes	Bond Anticipation Notes	General Obligation Bonds/Notes				
2004	\$ 11,362,911	\$ 5,270,000	\$ 129,000		\$ 16,761,911	0.00%	\$ 1,238
2005	16,137,640	-	288,263		16,425,903	0.00%	1,217.18
2006	16,312,099	-	1,442,558		17,754,657	0.00%	1,318.09
2007	14,333,033	-	2,348,370		16,681,403	0.00%	1,241.18
2008	17,071,365	-	2,858,018		19,929,383	3.68%	1,484.50
2009	16,006,994	-	2,645,085		18,652,079	3.85%	1,396.11
2010	21,715,333	-	2,408,712		24,124,045	4.82%	1,807.04
2011	24,385,068	-	4,315,478		28,700,546	5.78%	2,178.08
2012	34,984,686	-	9,374,397		44,359,083	9.84%	3,368.19
2013	36,623,500	-	8,860,374		45,483,874	N/A	3,452.55

N/A Not Available

(1) Adjusted gross income prior to 2007 is not available.  
Current year adjusted gross income data in not yet available.

VILLAGE OF SHOREWOOD

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
Last Ten Fiscal Years

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Fiscal Year	Total General Bonded Debt	Restricted Funds for Debt Service	Net General Bonded Debt	Total Taxable Equalized Value	Ratio of General Bonded Debt to Equalized Property Value	Population	Net General Bonded Debt Per Capita
2004	\$ 16,761,911	\$ 308,044	\$ 16,453,867	\$ 1,269,237,700	1.30%	13,535	\$ 1,216
2005	16,425,903	1,201,993	15,223,910	1,386,844,700	1.10%	13,495	1,128.11
2006	17,754,657	161,960	17,592,697	1,458,604,600	1.21%	13,470	1,306.07
2007	16,681,403	172,311	16,509,092	1,497,125,900	1.10%	13,440	1,228.36
2008	19,929,383	10,428	19,918,955	1,492,579,200	1.33%	13,425	1,483.72
2009	18,652,079	5,536	18,646,543	1,525,289,600	1.22%	13,360	1,395.70
2010	24,124,045	7,465	24,116,580	1,437,686,900	1.68%	13,350	1,806.49
2011	28,700,546	18,272	28,682,274	1,419,303,600	2.02%	13,177	2,176.69
2012	44,359,083	44,951	44,314,132	1,300,467,300	3.41%	13,170	3,364.78
2013	45,483,874	3,705,261	41,778,613	1,330,875,300	3.14%	13,174	3,171.29

**VILLAGE OF SHOREWOOD**

**LEGAL DEBT MARGIN INFORMATION**  
Last Ten Fiscal Years

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Year	Total Taxable Equalized Value	General Obligation Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Net Debt as a % of Limit
2004	\$ 1,269,237,700	\$ 63,461,885	\$ 16,761,911	\$ 46,699,974	26.41%
2005	1,386,844,700	69,342,235	16,425,903	52,916,332	23.69%
2006	1,458,604,600	72,930,230	17,754,657	55,175,573	24.34%
2007	1,497,125,900	74,856,295	16,681,403	58,174,892	22.28%
2008	1,492,579,200	74,628,960	19,929,383	54,699,577	26.70%
2009	1,525,289,600	76,264,480	18,652,079	57,612,401	24.46%
2010	1,437,686,900	71,884,345	24,124,045	47,760,300	33.56%
2011	1,419,303,600	70,965,180	28,700,546	42,264,634	40.44%
2012	1,300,467,300	65,023,365	44,359,083	20,664,282	68.22%
2013	1,330,875,300	66,543,765	45,483,874	21,059,891	68.35%

Per Wisconsin State Statutes, municipalities are limited to 5% of the total equalized value.

**VILLAGE OF SHOREWOOD**

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
December 31, 2013

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village of Shorewood	\$ 36,623,500	100%	\$ 36,623,500
Milwaukee Area Technical College	118,560,000	1.895%	2,247,186
Milwaukee County	731,056,165	2.437%	17,816,570
Shorewood School District	21,575,000	100.0%	21,575,000
Whitefish Bay School District	17,060,000	0.166%	28,268
Milwaukee Metropolitan Sewage District	<u>961,928,547</u>	<u>2.375%</u>	<u>22,847,727</u>
Total Overlapping	<u>1,850,179,712</u>		<u>64,514,751</u>
 Total Direct and Overlapping Debt	 <u>\$ 1,886,803,212</u>		 <u>\$ 101,138,251</u>

Source: Outstanding debt obtained from each taxing unit. Percentage applicable is from the annual tax certification apportionments.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This table estimates the portion of the outstanding debt of these overlapping governments that is borne by the taxpayers of the Village through the taxes levied by these government agencies.

General obligation debt of the Village's business-type activities are not included above as those are anticipated to be repaid through user fees, rather than property taxes.

**VILLAGE OF SHOREWOOD**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
Last Ten Fiscal Years

Year	Population	Adjusted Gross Income	Per Capita Adjusted Gross Income			Unemployment Rates	
			Village of Shorewood	Milwaukee County	State of Wisconsin	Milwaukee County	State of Wisconsin
2004	13,535	\$ -	\$ -	\$ -	\$ -	5.30%	4.40%
2005	13,495	-	-	-	-	5.20%	4.50%
2006	13,470	-	-	-	-	5.00%	4.50%
2007	13,440	527,816,474	39,272	21,603	24,374	5.00%	4.30%
2008	13,425	541,988,068	40,372	21,233	24,329	6.50%	6.00%
2009	13,360	484,198,620	36,242	20,195	23,211	9.70%	8.80%
2010	13,350	500,840,658	37,516	20,486	24,218	8.70%	7.40%
2011	13,177	496,471,390	37,677	20,681	24,942	7.90%	6.70%
2012	13,170	451,006,230	34,245	21,433	26,271	8.00%	6.60%
2013	13,174	-	-	-	-	7.90%	6.30%

Sources: Adjusted Gross Income for the Village, County and State from the Wisconsin Dept of Revenue Population from the Wisconsin Department of Administration.  
Unemployment rates from the Wisconsin Department of Workforce Development

- (1) Data prior to 2007 is not available at this time.
- (2) Unemployment data specific to the Village of Shorewood is not available.
- (3) 2013 Adjusted Gross Income is not yet available.

VILLAGE OF SHOREWOOD

PRINCIPAL EMPLOYERS  
Nine Years Ago and Current Year

(continued)

Employer	Type of Business	2013		
		Number of Employees (1)	Rank	% of Total County Employment
School District of Shorewood	Education	300	1	0.04%
Village of Shorewood	Municipal government	83	2	0.01%
St. Roberts Parish	Education	60	3	0.01%
Walgreens	Retail/Pharmacy	40	4	0.00%
Baker's Square	Restaurant	33	5	0.00%
Ladea Medical Aesthetics-Laseer	Medical	25	6	0.00%
Shorewood Animal Hospital	Veterinary Care	22	7	0.00%
Sendik's	Retail/Grocery	20	8	0.00%
Culver's	Restaurant	20	9	0.00%
City Market	Restaurant	20	10	0.00%
Total		623		0.08%
Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave.				821,400

Sources include:

- Prior year's Village Official Statements
- Wisconsin Department of Workforce Development

VILLAGE OF SHOREWOOD

PRINCIPAL EMPLOYERS  
 Nine Years Ago and Current Year

(concluded)

Employer	Type of Business	2004		
		Number of Employees (1)	Rank	% of Total County Employment
School District of Shorewood	Education	272	1	0.06%
Village of Shorewood	Government	110	2	0.02%
Nehring's Sendiks on Oakland	Grocery Store	100	3	0.02%
Coldwell Banker Residential	Real Estate Sales	50	4	0.01%
Ab Data LTD	Data Services	40	5	0.01%

Total 572 0.12%

Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave. 834,800

Sources include:

- Prior year's Village Official Statements
- Wisconsin Department of Workforce Development

## VILLAGE OF SHOREWOOD

### VILLAGE EMPLOYEES BY FUNCTION/PROGRAM Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Village Employees (1)										
General Government										
Village manager	2.80	2.80	2.80	3.75	1.50	1.50	1.50	1.80	2.00	2.00
Customer service	-	-	-	-	3.00	3.00	3.00	3.00	3.00	3.00
Finance	-	-	-	-	2.44	2.44	1.94	2.00	2.00	2.00
Clerk/treasurer	4.50	4.77	4.86	4.86	1.50	1.50	2.00	2.00	2.00	2.00
Planning and development	3.50	3.50	2.50	2.50	4.50	4.50	4.50	5.50	5.00	5.00
Municipal court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public safety - police	34.00	32.50	32.00	32.00	32.00	32.00	32.00	31.90	31.90	31.80
Health (2)	3.09	2.59	2.59	2.59	2.59	2.59	2.59	2.81	-	-
Public works	23.60	22.53	22.49	22.49	22.39	22.39	22.39	22.39	21.85	21.85
Culture and Recreation										
Library	11.25	11.25	11.50	11.50	11.50	11.50	11.50	13.46	13.46	13.25
Senior resource center	0.75	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	1.10
Total	<u>84.49</u>	<u>81.84</u>	<u>80.64</u>	<u>81.59</u>	<u>83.32</u>	<u>83.32</u>	<u>83.32</u>	<u>86.76</u>	<u>83.11</u>	<u>83.00</u>

(1) Information from Village Budget documents

(2) In 2012, the Village consolidated its health department with North Shore Health Department.

VILLAGE OF SHOREWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	5	5	5	5	5	5	5	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (sq feet)	-	-	-	-	-	-	-	4,676,027	4,676,027	4,676,027
Streets (miles length)	-	-	-	-	-	-	-	28.04	28.04	28.04
Culture and recreation										
Number of parks	5	5	5	5	5	5	5	5	5	5
Acreage of parkland	63	63	63	63	63	63	63	63	63	63
Water, Sewer, and Parking										
Feet of water main	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746
Number of hydrants	308	308	308	308	308	308	291	308	310	310
Municipal owned parking lots	5	5	5	5	5	5	5	5	5	5
Feet of sewer pipe	-	-	-	-	-	245,383	245,383	256,609	268,763	268,763

VILLAGE OF SHOREWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Building permits issued	488	557	690	656	677	655	682	663	606	671
Valuation of building permits	\$ 6,904,580	\$ 8,735,548	\$ 14,125,384	\$ 18,795,188	\$ 9,100,000	\$ 14,000,000	\$ 9,034,033	\$ 13,500,596	\$ 47,446,093	\$ 9,905,000
Public Safety - Police										
Homicides	-	-	-	-	-	-	-	-	-	1
Forcible rape	1	4	1	1	4	4	3	1	-	2
Robbery	15	16	17	15	9	5	9	3	12	14
Assault	14	16	19	22	25	16	23	18	21	23
Total crimes against persons	30	36	37	38	38	25	35	22	33	40
Burglary	72	36	50	50	53	43	31	19	28	31
Theft	297	313	308	350	358	405	363	309	332	323
Motor vehicle thefts	7	17	20	20	16	14	8	7	14	23
Total crimes against property	376	366	378	420	427	462	402	335	374	377
Total Crimes Reported	406	402	415	458	465	487	437	357	407	417
DPW										
Tons of refuse	-	-	-	-	-	-	-	2,721	2,455	2,535
Tons of recycling	-	-	-	-	-	-	-	149	955	1,276
Library										
Visitors to the library	259,006	240,146	239,433	229,444	233,294	248,358	209,689	185,258	187,202	203,373
Items checked out	326,304	319,525	313,757	313,007	319,797	364,285	361,381	359,768	350,603	356,862
Registered borrowers	10,306	10,242	11,000	11,607	12,020	9,323	9,197	9,083	9,191	10,068
Program attendance (2)	4,259	4,085	3,627	3,593	5,859	7,687	9,139	7,318	8,053	7,040
Reference questions	21,783	20,579	17,511	17,285	16,236	17,384	20,632	19,841	16,310	13,158
Items added	7,197	7,618	6,943	11,121	7,443	6,741	6,697	8,134	7,477	7,241
Items owned	60,796	66,629	71,640	76,549	81,537	81,503	81,966	85,076	159,357	166,499
Computer users	-	-	44,004	44,747	45,329	46,142	48,473	46,924	46,337	44,966
Wireless stations	-	-	1,324	1,736	1,817	3,924	4,932	4,376	6,475	5,220
Water Utility										
Meters in service	3,507	3,544	3,544	3,541	3,538	3,538	3,538	3,535	3,535	3,522
Gallons sold	392,693	397,316	368,425	377,109	364,543	405,882	341,764	356,767	367,313	342,671

(1) Various Village departments provided the information shown above.

(2) In 2011, the program attendance count no longer includes senior center programming.