

Village of Shorewood, Wisconsin Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2014



VILLAGE OF SHOREWOOD
Shorewood, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditor's Report

As of and For the Year Ended

December 31, 2014

Prepared by:

Finance Department

Mark Emanuelson, CPFO
Finance Director

VILLAGE OF SHOREWOOD

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INTRODUCTORY
SECTION



AT THE EDGE OF THE CITY AND
THE HEART OF EVERYTHING

May 18, 2015

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, 2014, 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, 2014. 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. 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. In 2013 and 2014 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 was 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.

In 2014, the Village also started a new project which will include the construction of a new 80,000 square foot Roundy's Metro Market grocery store, an adjacent 350 stall parking garage, and a mixed use building which will include 80 apartment units and 15,000 square feet of retail space.

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 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 10 years. 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.

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) has 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, 2013. This was the third 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 other 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, 2014. 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

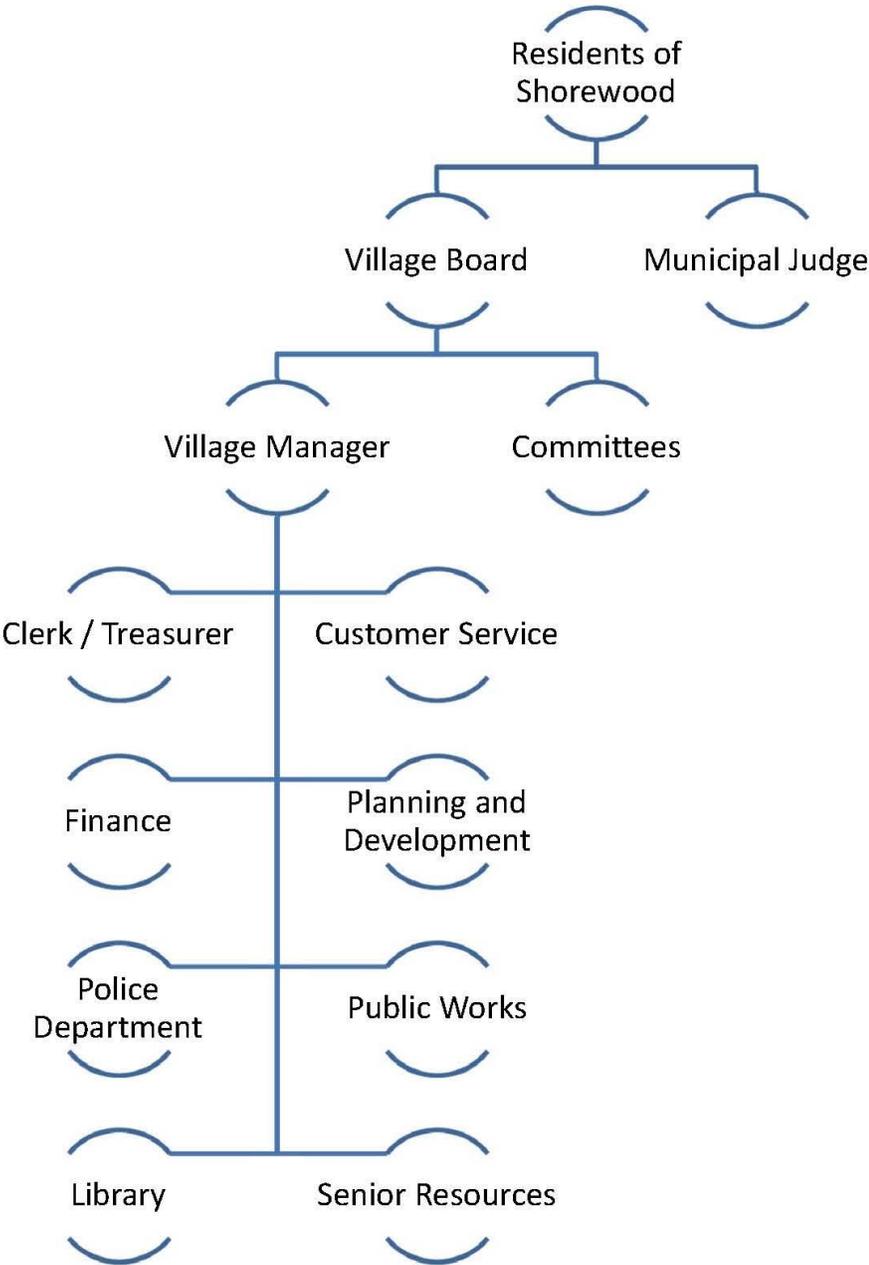
**Village of Shorewood
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

Village of Shorewood, Wisconsin Organizational Chart



VILLAGE OF SHOREWOOD

Directory of Village Officials

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
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, 2014, 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, 2014, 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 basic 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 "S. K. Hill" or similar, written in a cursive style.

Naperville, Illinois
May 4, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Year Ended December 31, 2014
(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 2014 were:

- The Village issued \$6.06 million in General Obligation debt in 2014. Of the total issued, \$4.07 million was used primarily to fund the 2014 bi-annual road reconstruction program, the completion of the Basin 6 Stormwater project, and a water main extension to serve the TID No. 3 project area. The remaining \$1.99 million will be used for various Sewer and Water Utility funded infrastructure projects.
- Included as part of the \$4.07 in Governmental activities debt issued in 2014 was \$1.88 million which was used to build infrastructure assets that, due to their nature, were subsequently recorded as infrastructure assets within the water and sewer utilities. In addition, this debt also supported \$265,000 of work to be done sewer lateral rehabilitation work and \$200,000 was for capital payments to the North Shore Fire Department. Neither of which the village reports as capital assets.
- The Village also made its scheduled debt principal repayments of nearly \$5.6 million in 2014. However, \$3.6 million of this was related to a one time refunding of the 2010A bonds using the residual bond proceeds held over from 2013.
- As a result of the combined impact of these items, the Village's total change in net position was a decrease of \$5,181,970, with the restricted net position decreasing by \$3,665,645 due to the bond refunding, and the unrestricted net position decreased by \$2,087,741 primarily due to the non-capital Governmental activities previously noted.
- During 2011 the Village's contracted assessor made an error in reporting tax incremental district property values to the State of Wisconsin. This resulted in the Village's TID levy being overstated for 2012. In 2012, this resulted in the Village's TID No. 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 in 2012 by \$1,460,298 so the net effect to the taxpayer was mitigated. 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.

The impact of these adjustments are now seen in 2014 as a reduction in property tax revenues as the annual tax levy returns back to unadjusted levels. The TID increment within TID No. 1 is however still suppressed due to reporting error as it will take the State of Wisconsin two years to adjust for the impact of this reporting error within the TID. Without this continued suppression of the equalized value, tax revenues for TID No. 1 would have been in excess of \$1.4 million for 2014.

Net position, as referred to above, results 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. The Village's net position, as measured in the Statement of Net Position, is 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 financial 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 32-34).

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 2014 and 2013.

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 29,633,353	\$ 32,899,457	\$ 302,859	\$ (6,664)	\$ 29,936,212	\$ 32,892,793
Capital assets	25,489,669	24,731,811	20,465,624	17,243,174	45,955,293	41,974,985
Total assets	<u>55,123,022</u>	<u>57,631,268</u>	<u>20,768,483</u>	<u>17,236,510</u>	<u>75,891,505</u>	<u>74,867,778</u>
Deferred outflows	112,350	132,975	-	-	112,350	132,975
Long-term debt	37,021,154	38,519,342	10,515,521	9,060,093	47,536,675	47,579,435
Other liabilities	5,291,632	3,072,863	347,170	391,573	5,638,802	3,464,436
Total liabilities	<u>42,312,786</u>	<u>41,592,205</u>	<u>10,862,691</u>	<u>9,451,666</u>	<u>53,175,477</u>	<u>51,043,871</u>
Deferred inflows	12,708,645	10,776,127	-	-	12,708,645	10,776,127
Net investment in capital assets	10,437,085	9,865,669	10,832,814	8,661,976	17,989,484	16,859,756
Restricted	62,959	3,739,908	-	-	62,959	3,739,908
Unrestricted (deficit)	(10,286,103)	(8,209,666)	(927,022)	(877,132)	(7,932,710)	(7,418,909)
Total net position	<u>\$ 213,941</u>	<u>\$ 5,395,911</u>	<u>\$ 9,905,792</u>	<u>\$ 7,784,844</u>	<u>\$ 10,119,733</u>	<u>\$ 13,180,755</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 decreased by \$3.26 million. This decrease was largely due to the \$3.61 million debt service payment in 2014 related to a one time refunding of the 2010A bonds using residual bond proceeds held over from 2013.

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

Long Term Debt decreased by \$1.5 million in 2014. This is the net impact of the new 2014 debt issued less the 2014 debt service principal payments.

Other liabilities include accounts payable and accrued payroll and the related liabilities. These increased \$2.2 million from the previous year. In 2013 the Village had recorded a \$1.6 million payable at year end in the TID No. 4 fund relating to a developer grant. In 2014 the Village recorded an additional liability of \$2.4 million payable for the same grant as the requirements to release these grant funds had not yet been met by the developer.

Deferred inflows represent unearned revenue for taxes levied in December 2014. These taxes represent revenue for the 2015 fiscal year and accordingly are not considered to be revenue in 2014. The increase in deferred inflows is largely due to the increase in tax incremental revenues within TID No. 1 as the lingering effects of the correction of the 2011 assessment reporting error are no longer suppressing these amounts. In addition, the full value of the development within TID No. 4 has also increased tax incremental revenues within that district.

The net investment in capital assets represents the Village's equity in its capital assets which was 41% of the historical cost of assets. This can be thought of as the Village's ownership in those capital assets. This percentage increased from 39.9% in 2013 due to a reduction in outstanding debt as more principal payments were made in 2014 than new debt issued.

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 increased by \$309,523 in 2014 due to additional cash reserves from unspent bond proceeds which will not be used until 2015.

Long term debt increased by \$1,455,428 in 2014. This is the net impact of the new 2014 debt issued of \$1.99 million, less the 2014 debt service principal payments.

Other liabilities are similar to those found within the governmental activities and include accounts payable and accrued payroll liabilities. There was a \$44,403 decrease in accounts payable and other liabilities in 2014 compared to 2013.

The net investment in capital assets represents the Village's equity in its capital assets which was 52.9% of the historical cost of assets for the village's business-type activities. This can be thought of as the Village's ownership in those capital assets. This percentage increased from 50.2% in 2013 due to a significant contribution of \$1.88 million in assets from general government activities that does not carry associated debt to the utilities. The total net investments in capital assets for business-type activities increased by \$2.17 million in 2014.

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 2014 and 2013.

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues						
Charges for services	\$ 742,916	\$ 527,787	\$ 3,708,421	\$ 3,627,146	\$ 4,451,337	\$ 4,154,933
Operating grants & contributions	1,148,493	1,058,663	-	-	1,148,493	1,058,663
Capital grants & contributions	309,887	484,729	-	-	309,887	484,729
General revenues						
Property taxes	10,956,764	12,061,130	-	-	10,956,764	12,061,130
Other revenues	<u>2,072,544</u>	<u>1,813,771</u>	<u>15,588</u>	<u>35,438</u>	<u>2,088,132</u>	<u>1,849,209</u>
Total revenues	<u>15,230,604</u>	<u>15,946,080</u>	<u>3,724,009</u>	<u>3,662,584</u>	<u>18,954,613</u>	<u>19,608,664</u>
Expenses						
General government	1,311,613	1,210,825	-	-	1,311,613	1,210,825
Public safety	7,032,842	7,039,505	-	-	7,032,842	7,039,505
Public works	4,122,520	4,134,351	-	-	4,122,520	4,134,351
Health and social services	303,352	300,698	-	-	303,352	300,698
Culture & recreation	1,486,916	1,345,701	-	-	1,486,916	1,345,701
Conservation & development	3,386,581	2,250,391	-	-	3,386,581	2,250,391
Interest on long-term debt	1,037,714	1,078,014	-	-	1,037,714	1,078,014
Parking	-	-	164,586	174,076	164,586	174,076
Water	-	-	1,599,591	1,330,211	1,599,591	1,330,211
Sewer	-	-	<u>1,569,920</u>	<u>1,547,718</u>	<u>1,569,920</u>	<u>1,547,718</u>
Total expenses	<u>18,681,538</u>	<u>17,359,485</u>	<u>3,334,097</u>	<u>3,052,005</u>	<u>22,015,635</u>	<u>20,411,490</u>
Change in Net Position Before						
Special Item and Transfers	(3,450,934)	(1,413,415)	389,912	610,579	(3,061,022)	(802,826)
Special item	-	-	-	-	-	-
Transfers	<u>(1,731,036)</u>	<u>145,945</u>	<u>1,731,036</u>	<u>(145,945)</u>	-	-
Total Change in Net Position	(5,181,970)	(1,267,470)	2,120,948	464,634	(3,061,022)	(802,826)
Net position, Jan 1	<u>5,395,911</u>	<u>6,663,371</u>	<u>7,784,844</u>	<u>7,320,210</u>	<u>13,180,755</u>	<u>13,983,581</u>
Net position, Dec 31	<u>\$ 213,941</u>	<u>\$ 5,395,911</u>	<u>\$ 9,905,792</u>	<u>\$ 7,784,844</u>	<u>\$ 10,119,733</u>	<u>\$ 13,180,755</u>

Significant Changes in Governmental Activities

Overall, the Village's governmental activities decreased net position by \$5,181,970 in 2014. This decrease was due to expenses exceeding revenues by \$3,450,934 and net transfers out of \$1,731,036. The excess in expenditure was largely due to the \$3.6 million debt service payment in 2014 related to a one time refunding of the 2010A bonds using residual bond proceeds held over from 2013. The net transfers out are a combination of \$1.88 million to the utilities for constructed capital assets which were then partially offset by 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

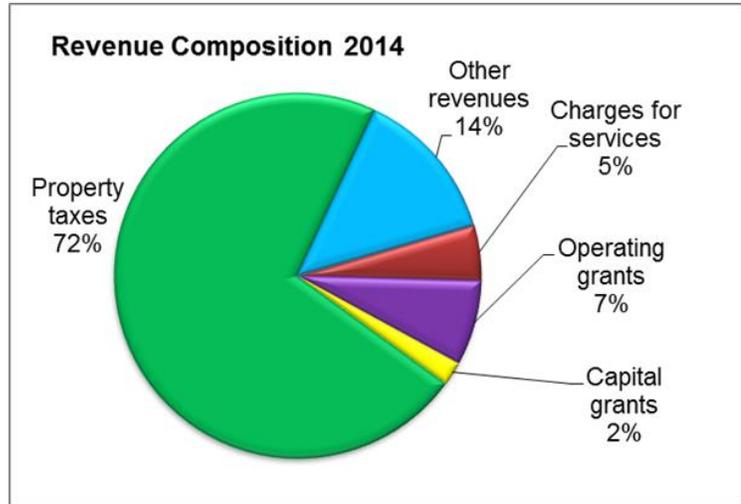
Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. Charges for services are primarily made up of licenses, permits, fees for service and fines. The Village's main 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 2014 and 2013 and significant changes are discussed below the table.

Revenues	Governmental activities			
	2014	2013	Chg	% chg
Program revenues				
Charges for services	\$ 742,916	\$ 527,787	\$ 215,129	40.8%
Operating grants	1,148,493	1,058,663	89,830	8.5%
Capital grants	309,887	484,729	(174,842)	-36.1%
General revenues				
Property taxes	10,956,764	12,061,130	(1,104,366)	-9.2%
Other revenues	<u>2,072,544</u>	<u>1,813,771</u>	<u>258,773</u>	<u>14.3%</u>
Total revenues	<u>\$ 15,230,604</u>	<u>\$ 15,946,080</u>	<u>\$ (715,476)</u>	<u>-4.5%</u>

Charges for services increased by \$215,129 in 2014. The major source for this change was a one-time charge of \$196,663 to the Village of Whitefish Bay for sewer related construction work done in the Basin 6 service area per a cost sharing agreement. There was also a general increase in building permit and related activity by approximately \$40,000 in 2014, a one-time payment of \$26,780 for reimbursement of prior period health department costs, and a \$10,000 increase in advertising fees for the Shorewood Today fund.

Operating Grants increased by \$89,830 in 2014. The major sources for operating grants are the various State of Wisconsin shared revenue programs, and certain other fees that are not related to specific services provided. Most of the increase in 2014 can be attributed to additional State of Wisconsin Transportation aids as the increase of the Village's expenditures on road improvements over the past several years has had a positive impact on the state funding formula used to distribute these aids.

Capital grants and contributions fluctuate annual depending on the capital projects and are typically non-recurring revenues. In 2014 capital grants were received for: MMSD matching reimbursements for sanitary sewer private property inflow and infiltration projects, a road restoration project. In 2013 the capital grants were received for: MMSD matching reimbursements, and special assessment revenue for the Village's bi-annual sidewalk program.



In 2014, property tax revenue decreased by approximately \$1.1 million. Due to the assessment error in 2011, in 2012 the Village decreased the general fund tax levy by \$1,460,298 in order to avoid having tax payers experience a significant tax increase so the net effect to the taxpayer was mitigated. The Village in 2013 then increased levy by twice that amount, again netting out with the change in the TID levy, so that residents were not impacted. The effects of these adjustments are now seen in 2014 as a reduction in property tax revenues as the annual tax levy returns back to unadjusted levels. When compensating for this adjustment the Village had a net property tax increase of \$102,150 due primarily to increased debt service needs.

As identified above, property taxes are the largest revenue sources for governmental activities. Property taxes account for approximately 72% of total governmental activities revenues in 2014. In 2013 they made up 76% 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 2014 and 2013 expense by function. The reasons for fluctuations of more than \$100,000 and 5% of the previous year are described following the section.

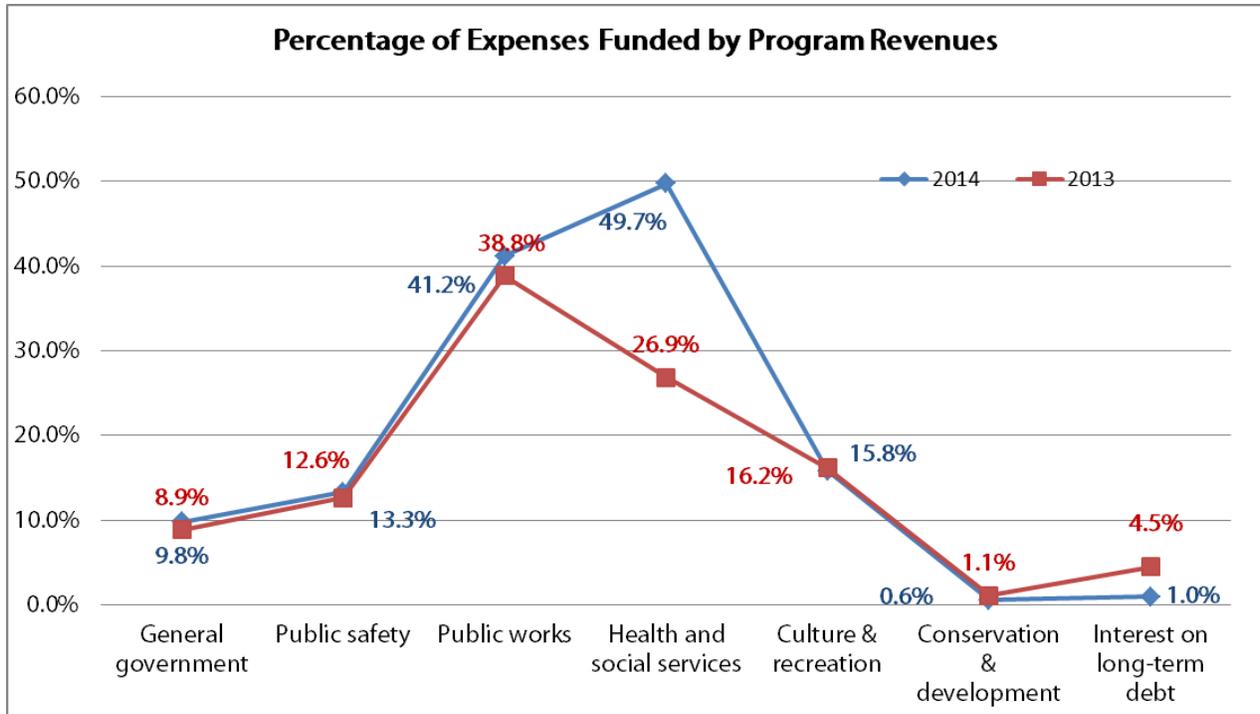
Governmental activities				
Expenses	2014	2013	Chg	% chg
General government	\$ 1,311,613	\$ 1,210,825	\$ 100,788	8.3%
Public safety	7,032,842	7,039,505	(6,663)	-0.1%
Public works	4,122,520	4,134,351	(11,831)	-0.3%
Health and social services	303,352	300,698	2,654	0.9%
Culture & recreation	1,486,916	1,345,701	141,215	10.5%
Conservation & development	3,386,581	2,250,391	1,136,190	50.5%
Interest on long-term debt	1,037,714	1,078,014	(40,300)	-3.7%
Total Expenses	<u>\$ 18,681,538</u>	<u>\$ 17,359,485</u>	<u>\$ 1,322,053</u>	<u>7.6%</u>

General Government: In addition to the anticipated inflationary cost increases, there were also several other items that changed in 2014 compared to 2013. Court costs increase by roughly \$10,000 due to the salary and benefit costs assigned for police bailiffs due to overtime hours, elections costs increased by \$20,000 due to the number of elections held in 2014, finance costs were \$20,000 more than 2013 due to a position vacancy for a portion of the year in 2013, and professional fees for legal and assessing increased by roughly \$21,000 in 2014 due to increased needs.

Culture & Recreation: In 2014 there were expenditure increases compared to 2013. The Parks and Beautification division had an increase of \$37,000 in landscaping and park maintenance efforts, Atwater Park lifeguard costs increased by \$18,000 due to an increased number of planned service hours in 2014, costs related to the Plein Air Event were \$40,000 in 2013 in the general fund but were moved to a special revenue fund in 2014 with costs of \$65,000 for a net increase of \$25,000, and the library fund experience about a \$25,000 increase in health insurance costs in 2014 compared to 2013.

Conservation and Development: In 2013 there was \$1.6 million for a developer grant which was earned in 2013 recorded in the TID No. 4 fund. In 2014 there was another \$2.4 million earned, or roughly \$800,000 more than 2013. There was also approximately \$400,000 of increased expenditures in TID's No. 3 & 5 as development efforts for these districts started to accelerate in 2014.

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 in 2014 at 38.8%. This is due largely to the fact that the Village received a bit over \$800,000 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			
	2014	2013	Chg	% Chg
Program revenues				
Parking	\$ 215,573	\$ 220,878	\$ (5,305)	-2.4%
Water	1,450,261	1,451,987	(1,726)	-0.1%
Sewer	<u>2,042,587</u>	<u>1,954,281</u>	<u>88,306</u>	4.5%
Charges for services	3,708,421	3,627,146	81,275	2.2%
Other revenues	<u>15,588</u>	<u>35,438</u>	<u>(19,850)</u>	<u>-56.0%</u>
Total revenues	<u>\$ 3,724,009</u>	<u>\$ 3,662,584</u>	<u>\$ 61,425</u>	<u>1.7%</u>

Utility charges for services for 2014 were generally stable as no new rate increases were put into effect for 2014 services. Changes in revenues between the Water and Sewer utilities will typically have a very strong correlation in proportion to total charges due to their billing methods and rate structures. However, there were some minor technical adjustments to the Water utility billing processes in 2014 that reduced 2014 revenues by approximately \$15,000 compared to the equivalent 2013 rates. Also, in 2013 there was \$24,000 of special credits given in the Sewer utility for unintended discharge that was not eligible for adjustments within the water utility.

Other revenues largely represent investment income and other nominal miscellaneous revenues.

Business-Type Activities – Expenses

The table below compares the Village’s business-type activities’ expenses from 2014 to 2013.

Expenses	Business-type activities			
	2014	2013	Chg	% Chg
Parking	\$ 164,586	\$ 174,076	\$ (9,490)	-5.5%
Water	1,599,591	1,330,211	269,380	20.3%
Sewer	<u>1,569,920</u>	<u>1,547,718</u>	<u>22,202</u>	<u>1.4%</u>
Total expenses	<u>\$ 3,334,097</u>	<u>\$ 3,052,005</u>	<u>\$ 282,092</u>	<u>9.2%</u>

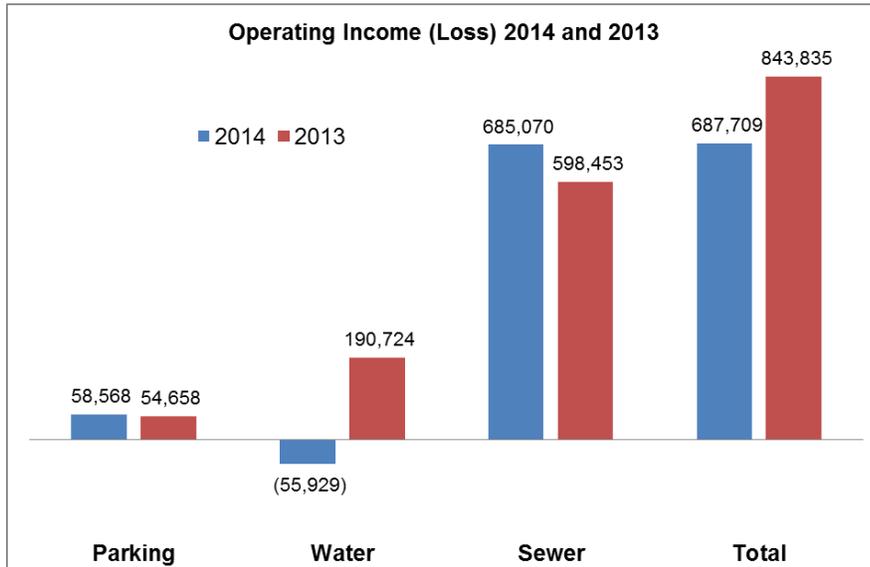
Parking Utility expenses decreased in 2014 as the indirect costs for salaries and benefits were less than 2013. In addition, overall activity for the utility was slightly less in 2014.

Water Utility expenses include all costs necessary to provide water to the 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 an 11% per 100ccf of purchased water cost increase from Milwaukee Water Works in mid-2014. However, due to a slight decrease in the volume of water purchased compared, actual purchased water costs remained fairly stable for 2014. However, the Water Utility did experience a significant increase in excess of \$150,000 in system maintenance costs. In addition, the utility has engaged in several planning and analysis processes to address future needs at a total cost of approximately \$60,000 in 2014. The Water utility also incurred \$25,000 of additional interest and debt issuance costs compared to 2013. Overall, the Water Utility had a net increase in expenditures of \$269,380 in 2014.

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 2014 the Sewer Utility had reduced maintenance expenditures by \$75,000 compared to 2013. This is in part due to the need a shift certain staff resources to support the increased Water Utility maintenance needs. However there were also \$55,000 increase in Study and planning related costs in 2014. Overall, the Sewer Utility had a net increase in expenditures of \$22,202 in 2014.

In total, business-type activities increased the Village of Shorewood’s net position by \$2.12 million in 2014. Most of this was due to the addition of capital assets net of related debt. This was primarily due to a significant contribution of \$1.88 million in assets from general government activities that does not carry associated debt to the utilities

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.



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 35-40 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 thirteen 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 eight 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, 2014, the Village's governmental funds reported combined ending fund balance of \$11.85 million, a decrease of \$7.25 million from the previous year. Over 30% 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 decrease is mainly due to the \$3.61 million debt payment related to a one time refunding of the 2010A bonds using the residual bond proceeds held over from 2013, and the \$1.31 million and \$2.36 million in of debt service payments and other costs in TID No. 1 and TID No. 3, respectively, that were not offset by tax incremental revenues.

The General Fund is the chief operating fund of the Village. At year end, total fund balance in the General Fund was \$6,280,431 of which \$4,267,073 was unassigned. The General Fund unassigned fund balance represents 40.4% of total General Fund revenues. This was an increase of \$300,000 from a total unassigned fund balance of \$3,967,631 or 33.2% in 2013. Unassigned fund balance can be thought of as the residual fund balance category within the General Fund. The General Fund's overall fund balance increased in 2014 by \$174,196.

The Debt service fund balance decreased by \$3,667,644 in 2014. This decrease is mainly due to the \$3.61 million debt payment related to a one time refunding of the 2010A bonds using the residual bond proceeds held over from 2013.

The General Capital Projects Fund had an increase in fund balance of \$374,068. In 2014 the Village borrowed \$3.66 million for the completion of the various infrastructure and other capital projects. The total unspent bond proceeds in the Capital Projects Fund were \$312,073 at the end of 2014 for work that will be completed in 2015 and was the primary source of this increase.

TID No. 1's fund balance decreased in 2014 by \$1.31 million, of which \$1.18 million was debt service costs not supported by current year tax increment due to the assessment error.

TID No. 4's fund balance decreased \$2.36 million due to developer subsidies of \$2.4 million and debt service costs of \$301,744 paid for from prior year unspent debt proceeds as current year revenues were less than \$350,000. 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 86-87 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 General Fund excess of revenues over expenditures was \$174,196 in 2014. Other significant changes between budget and actual results are addressed below:

Revenues and Other Financing Sources

- Licenses and permits exceeded budget by \$47,995. This is due to various permit categories exceeding budget due to generally higher than expected activity in 2014.
- Fine revenues were under budget by \$112,515. This was due in general to court fines being under budget by \$41,295, and parking fines being under budget by \$68,016. The police department attributes this outcome as due to reduced activity as a result of the unusually harsh winter conditions.
- Investment income was \$24,873 under budget due to limited reinvestment opportunities and mark-to-market adjustments of the Village's investments of approximately \$87,000 in 2014.
- Other revenues exceeded budget by \$81,330. Some of the more significant items were \$17,338 for a distribution of Tri-Com reserves, \$15,226 of unbudgeted insurance reimbursements for damages, an \$26, 780 in unanticipated health department cost reimbursements. In addition, the public works department exceeded budget by \$10,000 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 \$19,331 as the Library transfer for unused staff costs was slightly higher than anticipated.
- Overall actual General Fund revenues and transfers-in exceeded budget by \$6,621.

Expenditures and Other Financing Uses

- General Government activities were under budget by \$7,832 in total for 2014. There were a few notable budget variations at the department level. The Village Manager's department was under budget by \$20,706 due to salary and benefits savings as a result of a vacant position for a portion of 2014. The Elections department was under budget by \$20,876 due to savings in poll worker costs and lower than expected programming fees. However, Village Hall shared building costs were over budget by \$22,467 due to a change of cost allocation assumptions.
- Public Safety, the Police department was under budget by \$117,661 which is approximately 3% of the departments budgeted expenditures. This was largely due to a savings of \$57,000 in retirement reserves, and a \$91,000 savings in salary and benefit costs due to a number of vacant positions throughout the year.
- Public Works activities were under budget by approximately \$45,000 in total for 2014, or about 2% of the division's total budgeted expenditures. There were numerous variations within the Public Works service categories as staff wages are budgeted based on historical trends, but actual costs are assigned based on the service needs throughout the year.
- Culture and Recreation activities were under budget by approximately \$20,000 in total for 2014. The majority of this is due to savings at Atwater Beach due to less than anticipated lifeguard costs and a savings in landscaping work planned for 2014.
- Conservation and Development, Forestry was over budget by \$26,066. This is due primarily to higher than anticipated service efforts completed by this department in 2014.
- Transfers out were over budget by \$18,476 in 2014 as the general fund transferred reserves to establish the Public Art special revenue fund.
- Overall, expenditures and transfers-out were \$165,575 under budget in 2014.

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 41-44 of this report.

The net position of the Parking, Water, and Sewer Utilities at the end of the year was \$565,313, \$1,393,412 and \$7,947,067, 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 \$237,234, deficit (\$1,083,353), and deficit (\$80,902), respectively. The unrestricted net position for the Parking Utility and Sewer Utilities remained relatively similar from 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 45 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 prior year 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 an increase in net position of \$30,209 over the previous year. The BID, as administrator of the façade program for the Village of Shorewood's Tax Incremental Financing District No. 1. In 2014, \$14,437 of these funds was distributed and \$50,000 of new façade grants were received, accounting for most of the change 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	
	2014	2013		2014	2013
Cash	\$ 22,050	\$ 22,214	Revenues		
Other assets	58,849	32,084	Program revenues		
Total assets	<u>80,899</u>	<u>54,298</u>	Charges for services	\$ 24,550	\$ 22,550
Accounts payable	3,502	7,110	Operating Grants	65,000	21,000
Restricted net position	41,199	5,434	General revenues		
Unrestricted net position	36,198	41,754	Property taxes	102,693	103,869
Total net position	<u>\$ 77,397</u>	<u>\$ 47,188</u>	Other general revenues	444	271
			Total revenues	<u>192,687</u>	<u>147,690</u>
			Expenses	<u>162,478</u>	<u>205,952</u>
			Change in Net Position	30,209	(58,262)
			Net Position Jan 1	<u>47,188</u>	<u>105,450</u>
			Net Position Dec 31	<u>\$ 77,397</u>	<u>\$ 47,188</u>

Combined financial information is presented as a discrete column in the statement of net position and statement of activities on pages 32-34 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 78 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 financial statements can be found on pages 47-85 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 2014 and 2013 is summarized below.

Description	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
Land and right of way	\$ 4,491,320	\$ 4,491,320	\$ 233,345	\$ 233,345
Artwork	330,000	330,000	-	-
Construction in progress (CIP)	-	165,013	92,438	186,747
Machinery and equipment	4,181,130	3,995,024	989,817	975,888
Intangibles	87,810	58,705	-	-
Building and improvements	8,669,366	8,534,348	-	-
Infrastructure	<u>27,753,727</u>	<u>26,331,039</u>	<u>23,216,673</u>	<u>19,737,755</u>
Total Capital Assets	<u>45,513,353</u>	<u>43,905,449</u>	<u>24,532,273</u>	<u>21,133,735</u>
Less accumulated depreciation	<u>(20,023,684)</u>	<u>(19,173,638)</u>	<u>(4,066,649)</u>	<u>(3,890,561)</u>
Capital assets, net of depreciation	<u>\$ 25,489,669</u>	<u>\$ 24,731,811</u>	<u>\$ 20,465,624</u>	<u>\$ 17,243,174</u>

Significant projects undertaken during the year include the following:

- In 2014 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 \$180,414. Major items purchased include a light lift system, lift truck, and a fleet service vehicle.
- The Police department purchased two fully equipped squads for \$70,667 to replace existing patrol vehicles and updated all of the squad radios at a cost of \$85,558.
- Other significant additions included:
 - \$1,950,000 to complete 2014 road projects, and
 - \$1,585,00 to complete sewer projects for the Basin 6 area, and
 - \$328,000 for the PPII lateral replacement program

Additional information on the Village's capital assets can be found in Note III-D on pages 67-68.

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 \$71,596,060 which exceeds the Village's current outstanding general obligation debt of \$45,317,001. This debt is entirely backed by the full faith and credit of the government. At year end the outstanding debt equaled 63% of the Village's state authorized debt limit.

Total general obligation debt increased by \$88,212 during the year. The Village issued \$6.06 million in new debt in 2014. The village made a 3.61 million payment for the refunding of the Village's series 2010A debt issue in January of 2014 from bonds issued at the end of 2013. The Village also made its other annual debt payments in accordance with the debt repayment schedules totaling \$2.62 million. While significant changes in the Village's long term debt are discussed above, the table below summarizes the ending balances for 2014 and 2013.

	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
General obligation debt	\$ 35,407,423	\$ 36,941,776	\$ 10,410,687	\$ 8,964,547
Pension	288,933	288,933	-	-
OPEB	752,122	687,457	47,801	40,870
Compensated absences	526,743	556,837	57,033	54,676
Retiree sick leave	45,933	44,339	-	-
Total	<u>\$ 37,021,154</u>	<u>\$ 38,519,342</u>	<u>\$ 10,515,521</u>	<u>\$ 9,060,093</u>

Additional information on the Village's long term debt can be found in Notes III-F and G on pages 72-76.

Other Information

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

Economic Factors and Next Year's Budgets and Rates

General Economic Conditions

The recent 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	2010	2011	2012	2013	2014
City of Milwaukee	9.7%	9.3%	9.6%	8.7%	6.9%
Milwaukee County	8.1%	7.8%	8.0%	7.9%	6.5%
State of Wisconsin	7.1%	6.6%	6.6%	6.3%	5.2%
United States	9.1%	8.3%	7.6%	6.7%	5.6%

* 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/.

2015 Budget

The 2015 budget includes the following major changes from 2014:

- A property tax levy increase of 2.37%, which is an increase of 13.1% for debt service or \$175,244, a decrease of 24.0% or \$129,554 for Capital projects, and an increase of \$170,723 or 2.2% for General fund operations.
- Hydrant rental fees increased by \$84,320 or 30% in 2015 due to a new Water utility rate schedule approved by the Public Service Commission of Wisconsin that will go into effect on 1/1/15. Overall water utility revenues are anticipated to increase by 32% in 2015 to help cover the increased costs of water purchased from the Milwaukee Water Works and increased debt service costs related to the significant infrastructure improvements that have been made over the past several years.
- The Police department budget includes \$95,000 of additional other service contract fees for the costs of operating the new parking enforcement and permitting software program which will be implemented in 2015. To help offset these costs, parking ticket fees were increase from \$20.00 to \$25.00 for parking violations.
- Parking permit fees were also increased from \$45.00 per month to \$50.00 per month to help offset an estimated \$33,000 of additional operational costs that the Parking utility will incur related to this parking permitting program.
- New Sewer utility rates will also go into effect for the first billing period in 2015. It is anticipated that this new rate structure will increase revenues by approximately 10% in order for the utility to be fiscally qualified to issue revenue bonds for cost of significant system improvements anticipated to be completed within the next few years.

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 5,151,725	\$ 580,338	\$ 5,732,063	\$ 22,050
Investments	6,419,906	-	6,419,906	-
Receivables	5,516,338	825,260	6,341,598	17,650
Inventories	-	34,968	34,968	-
Prepaid items	679,922	7,631	687,553	-
Restricted asset - cash and cash equivalents	6,206,669	417,020	6,623,689	41,199
Internal balances	1,562,358	(1,562,358)	-	-
Loans receivable	4,096,435	-	4,096,435	-
Capital Assets				
Land	4,491,320	233,345	4,724,665	-
Artwork	330,000	-	330,000	-
Construction in progress	-	92,438	92,438	-
Other capital assets, net of depreciation	20,668,349	20,139,841	40,808,190	-
Total Assets	<u>55,123,022</u>	<u>20,768,483</u>	<u>75,891,505</u>	<u>80,899</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	112,350	-	112,350	-
Total Deferred Outflows of Resources	<u>112,350</u>	<u>-</u>	<u>112,350</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	950,923	252,061	1,202,984	3,502
Liabilities payable from restricted assets	4,008,064	-	4,008,064	-
Accrued interest payable	332,645	95,109	427,754	-
Noncurrent Liabilities				
Due within one year	2,872,001	717,410	3,589,411	-
Due in more than one year	34,149,153	9,798,111	43,947,264	-
Total Liabilities	<u>42,312,786</u>	<u>10,862,691</u>	<u>53,175,477</u>	<u>3,502</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent year's budget	12,708,645	-	12,708,645	-
Total Deferred Inflows of Resources	<u>12,708,645</u>	<u>-</u>	<u>12,708,645</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	10,437,085	10,832,814	17,989,484	-
Restricted for:				
Debt Service	26,313	-	26,313	-
Police grants	10,734	-	10,734	-
Library Auermilller donation	25,912	-	25,912	-
Facade improvements	-	-	-	41,199
Unrestricted (deficit)	<u>(10,286,103)</u>	<u>(927,022)</u>	<u>(7,932,710)</u>	<u>36,198</u>
TOTAL NET POSITION	<u>\$ 213,941</u>	<u>\$ 9,905,792</u>	<u>\$ 10,119,733</u>	<u>\$ 77,397</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

(continued)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,311,613	\$ 258,143	\$ 6,000	\$ -
Public safety	7,032,842	33,617	68,206	-
Public works	4,122,520	312,850	837,640	309,887
Health and social services	303,352	62,540	47,162	-
Culture and recreation	1,486,916	55,766	179,602	-
Conservation and development	3,386,581	20,000	-	-
Interest and fiscal charges	1,037,714	-	9,883	-
Total Governmental Activities	<u>18,681,538</u>	<u>742,916</u>	<u>1,148,493</u>	<u>309,887</u>
Business-Type Activities				
Parking	164,586	215,573	-	-
Water	1,599,591	1,450,261	-	-
Sewer	1,569,920	2,042,587	-	-
Total Business-Type Activities	<u>3,334,097</u>	<u>3,708,421</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 22,015,635</u>	<u>\$ 4,451,337</u>	<u>\$ 1,148,493</u>	<u>\$ 309,887</u>
Component Unit				
Business Improvement District	\$ 162,478	\$ 24,550	\$ 65,000	\$ -
Total Component Unit	<u>\$ 162,478</u>	<u>\$ 24,550</u>	<u>\$ 65,000</u>	<u>\$ -</u>

(concluded)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
	\$ (1,047,470)	\$ -	\$ (1,047,470)	\$ -
	(6,931,019)	-	(6,931,019)	-
	(2,662,143)	-	(2,662,143)	-
	(193,650)	-	(193,650)	-
	(1,251,548)	-	(1,251,548)	-
	(3,366,581)	-	(3,366,581)	-
	(1,027,831)	-	(1,027,831)	-
	<u>(16,480,242)</u>	<u>-</u>	<u>(16,480,242)</u>	<u>-</u>
	-	50,987	50,987	-
	-	(149,330)	(149,330)	-
	-	472,667	472,667	-
	-	<u>374,324</u>	<u>374,324</u>	<u>-</u>
	<u>(16,480,242)</u>	<u>374,324</u>	<u>(16,105,918)</u>	<u>-</u>
	-	-	-	(72,928)
	-	-	-	<u>(72,928)</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes	9,620,734	-	9,620,734	-
Property taxes, levied for debt service	1,336,030	-	1,336,030	-
Property taxes, levied for component unit	-	-	-	102,693
Intergovernmental revenues not restricted to specific	700,965	-	700,965	-
Investment income	212,176	15,588	227,764	444
Miscellaneous	1,159,403	-	1,159,403	-
Transfers	<u>(1,731,036)</u>	<u>1,731,036</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers	<u>11,298,272</u>	<u>1,746,624</u>	<u>13,044,896</u>	<u>103,137</u>
Change in Net Position	(5,181,970)	2,120,948	(3,061,022)	30,209
NET POSITION - BEGINNING OF YEAR	<u>5,395,911</u>	<u>7,784,844</u>	<u>13,180,755</u>	<u>47,188</u>
NET POSITION - END OF YEAR	<u>\$ 213,941</u>	<u>\$ 9,905,792</u>	<u>\$ 10,119,733</u>	<u>\$ 77,397</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2014

(continued)

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 2,613,129	\$ 939,475	\$ 813,194
Investments	6,419,906	-	-
Taxes and delinquent personal property taxes receivable (net of uncollectibles allowance)	3,101,842	583,103	158,349
Other receivables	92,919	-	473,697
Prepaid items	650,265	-	29,584
Restricted asset - cash and cash equivalents	-	26,313	312,073
Due from other funds	298,350	-	-
Loans and long-term receivable	244,222	-	-
Advances to other funds	1,264,008	-	-
TOTAL ASSETS	\$ 14,684,641	\$ 1,548,891	\$ 1,786,897
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 186,780	\$ -	\$ 348,161
Due to other funds	-	-	-
Accrued liabilities	215,480	-	12,799
Liabilities payable from restricted assets	-	-	-
Total Liabilities	<u>402,260</u>	<u>-</u>	<u>360,960</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for subsequent year's budget	7,997,921	1,511,274	410,406
Unavailable revenues	3,833	-	75,534
Total Deferred Inflows of Resources	<u>8,001,754</u>	<u>1,511,274</u>	<u>485,940</u>
FUND BALANCES			
Nonspendable - prepaids	650,265	-	29,584
Nonspendable - long-term receivables (net of current)	1,152,536	-	-
Restricted	-	26,313	312,073
Committed	10,846	11,304	-
Assigned	199,907	-	598,340
Unassigned (deficit)	4,267,073	-	-
Total Fund Balances	<u>6,280,627</u>	<u>37,617</u>	<u>939,997</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,684,641	\$ 1,548,891	\$ 1,786,897

See accompanying notes to financial statements.

(concluded)

<u>Capital Projects TID No. 1</u>	<u>Capital Projects TID No. 4</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 785,927	\$ 5,151,725
-	-	-	6,419,906
540,703	163,997	371,413	4,919,407
3,285	-	27,030	596,931
-	-	73	679,922
1,561,121	4,267,398	39,764	6,206,669
573,576	-	-	871,926
317,213	3,535,000	-	4,096,435
-	-	-	1,264,008
<u>\$ 2,995,898</u>	<u>\$ 7,966,395</u>	<u>\$ 1,224,207</u>	<u>\$ 30,206,929</u>
\$ 782	\$ 580	\$ 142,259	\$ 678,562
-	-	573,576	573,576
25,555	17	18,510	272,361
-	4,008,064	-	4,008,064
<u>26,337</u>	<u>4,008,661</u>	<u>734,345</u>	<u>5,532,563</u>
1,401,383	425,044	962,617	12,708,645
5,691	-	25,485	110,543
<u>1,407,074</u>	<u>425,044</u>	<u>988,102</u>	<u>12,819,188</u>
-	-	73	679,922
-	-	-	1,152,536
1,562,487	3,532,690	39,764	5,473,327
-	-	106,339	128,489
-	-	56,149	854,396
-	-	(700,565)	3,566,508
<u>1,562,487</u>	<u>3,532,690</u>	<u>(498,240)</u>	<u>11,855,178</u>
<u>\$ 2,995,898</u>	<u>\$ 7,966,395</u>	<u>\$ 1,224,207</u>	<u>\$ 30,206,929</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, 2014**

Fund balances - total governmental funds	\$ 11,855,178
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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
Machinery and equipment	4,181,130
Intangibles	87,810
Buildings and building improvements	8,669,366
Infrastructure	27,753,727
Less: accumulated depreciation	<u>(20,023,684)</u>
Total adjustment for capital assets	<u>25,489,669</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.	110,543
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Gains/losses on refundings are capitalized in the government-wide financial statements	112,350
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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	(35,033,656)
(Discounts)/premiums	(373,767)
Pension	(288,933)
Other post employment benefits	(752,122)
Compensated absences	(526,743)
Retiree sick leave	(45,933)
Accrued interest on debt	<u>(332,645)</u>
Total adjustment for long-term obligations	<u>(37,353,799)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 213,941</u>
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VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2014

(continued)

	General	Debt Service	General Capital Projects
REVENUES			
Taxes	\$ 7,827,198	\$ 1,336,030	\$ 539,960
Intergovernmental	1,124,088	9,883	861,326
Licenses and permits	550,610	-	-
Fines	459,720	-	-
Charges for services	346,912	-	196,663
Investment income	74,327	831	1,073
Other revenues	166,227	-	41,500
Total Revenues	<u>10,549,082</u>	<u>1,346,744</u>	<u>1,640,522</u>
EXPENDITURES			
Current			
General government	1,061,867	-	-
Public safety	6,689,453	-	-
Public works	2,105,901	-	-
Health and social services	146,122	-	-
Culture and recreation	284,945	-	-
Conservation and development	225,124	-	-
Capital Outlay	-	-	3,403,794
Debt Service			
Principal retirement	-	5,583,064	76,781
Interest and fiscal charges	-	949,270	-
Bond issuance costs	-	-	47,329
Total Expenditures	<u>10,513,412</u>	<u>6,532,334</u>	<u>3,527,904</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>35,670</u>	<u>(5,185,590)</u>	<u>(1,887,382)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	-	-	5,375
General obligation debt issued	-	-	3,660,000
Premium on bonds issued	-	-	49,052
Transfers in	190,002	1,517,946	33,000
Transfers out	(51,476)	-	(1,485,977)
Total Other Financing Sources (Uses)	<u>138,526</u>	<u>1,517,946</u>	<u>2,261,450</u>
Net Change in Fund Balance	174,196	(3,667,644)	374,068
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>6,106,431</u>	<u>3,705,261</u>	<u>565,929</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 6,280,627</u>	<u>\$ 37,617</u>	<u>\$ 939,997</u>

See accompanying notes to financial statements.

(concluded)

Capital Projects TID No. 1	Capital Projects TID No. 4	Nonmajor Governmental Funds	Total Governmental Funds
\$ 81,243	\$ 244,766	\$ 927,565	\$ 10,956,762
36,886	-	110,069	2,142,252
-	-	-	550,610
-	-	-	459,720
-	-	173,856	717,431
28,435	104,429	68	209,163
5,034	-	122,877	335,638
<u>151,598</u>	<u>349,195</u>	<u>1,334,435</u>	<u>15,371,576</u>
-	-	104,533	1,166,400
-	-	8,180	6,697,633
-	-	-	2,105,901
-	-	163,109	309,231
-	-	974,953	1,259,898
278,851	2,412,446	465,737	3,382,158
-	-	45,895	3,449,689
-	-	-	5,659,845
570	-	-	949,840
-	-	5,302	52,631
<u>279,421</u>	<u>2,412,446</u>	<u>1,767,709</u>	<u>25,033,226</u>
<u>(127,823)</u>	<u>(2,063,251)</u>	<u>(433,274)</u>	<u>(9,661,650)</u>
-	-	-	5,375
-	-	410,000	4,070,000
-	-	20,012	69,064
-	-	33,576	1,774,524
<u>(1,178,989)</u>	<u>(301,744)</u>	<u>(487,374)</u>	<u>(3,505,560)</u>
<u>(1,178,989)</u>	<u>(301,744)</u>	<u>(23,786)</u>	<u>2,413,403</u>
(1,306,812)	(2,364,995)	(457,060)	(7,248,247)
<u>2,869,299</u>	<u>5,897,685</u>	<u>(41,180)</u>	<u>19,103,425</u>
<u>\$ 1,562,487</u>	<u>\$ 3,532,690</u>	<u>\$ (498,240)</u>	<u>\$ 11,855,178</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, 2014

Net change in fund balances - total governmental funds	\$ (7,248,247)
Amounts reported for governmental activities in the statement of activities are different because:	
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	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,449,689
Some items reported as capital outlay were not capitalized	
Payments to joint ventures for fire and dispatch services	(165,426)
Miscellaneous other non-capitalized capital outlay	(1,006,633)
Depreciation is reported in the government-wide statements	(1,497,399)
Net book value of assets retired	(22,357)
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	
Current year receivables added to revenue	110,543
Less: receivables recognized as revenue in previous years	(251,513)
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.	
Debt issued	(4,070,000)
Principal repaid	5,659,845
Amortization of the loss on advanced refunding	(20,625)
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.	
Premium on bonds issued	(69,064)
Amortization of discounts/premiums	13,576
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.	
Compensated absences	30,094
Net OPEB liability	(64,665)
Retiree insurance	(1,594)
Accrued interest on debt	(28,194)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (5,181,970)</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
As of December 31, 2014

	Business-Type Activities			Total
	Enterprise Funds			
	Parking Utility	Water Utility	Sewer Utility	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 298,599	\$ -	\$ 281,739	\$ 580,338
Receivables	751	296,262	528,247	825,260
Prepays	1,991	2,893	2,747	7,631
Restricted asset - cash and cash equivalents	-	145,354	271,666	417,020
Current portion of advance	18,235	-	-	18,235
Inventories	-	34,968	-	34,968
Total Current Assets	319,576	479,477	1,084,399	1,883,452
Noncurrent Assets				
Capital Assets				
Land	233,345	-	-	233,345
Construction in progress	-	3,471	88,967	92,438
Other capital assets, net of depreciation	99,008	4,883,338	15,157,495	20,139,841
Long-term portion of advances	213,771	-	-	213,771
Total Noncurrent Assets	546,124	4,886,809	15,246,462	20,679,395
Total Assets	865,700	5,366,286	16,330,861	22,562,847
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	43,194	187,825	21,042	252,061
Accrued interest payable	3,396	22,761	68,952	95,109
Due to other funds	-	298,350	-	298,350
Liabilities payable from restricted assets	-	-	-	-
Current portion of debt	15,000	251,031	456,379	722,410
Current portion of advances	-	75,000	54,707	129,707
Total Current Liabilities	61,590	834,967	601,080	1,497,637
Noncurrent Liabilities				
General obligation debt	234,274	2,366,538	7,092,465	9,693,277
Advances from other funds	-	725,000	641,307	1,366,307
Other postemployment benefits (OPEB)	-	25,313	22,488	47,801
Compensated absences	4,523	21,056	26,454	52,033
Total Noncurrent Liabilities	238,797	3,137,907	7,782,714	11,159,418
Total Liabilities	300,387	3,972,874	8,383,794	12,657,055
NET POSITION				
Net investment in capital assets	328,079	2,476,766	8,027,969	10,832,814
Unrestricted (deficit)	237,234	(1,083,354)	(80,902)	(927,022)
TOTAL NET POSITION	\$ 565,313	\$ 1,393,412	\$ 7,947,067	\$ 9,905,792

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, 2014

	Business-Type Activities Enterprise Funds			Total
	Parking Utility	Water Utility	Sewer Utility	
OPERATING REVENUES				
Charges for services	\$ 215,448	\$ 1,434,934	\$ 2,010,395	\$ 3,660,777
Miscellaneous revenues	125	15,327	32,192	47,644
Total Operating Revenues	<u>215,573</u>	<u>1,450,261</u>	<u>2,042,587</u>	<u>3,708,421</u>
OPERATING EXPENSES				
Operation and maintenance	151,505	1,392,390	1,128,853	2,672,748
Depreciation	5,500	113,800	228,664	347,964
Total Operating Expenses	<u>157,005</u>	<u>1,506,190</u>	<u>1,357,517</u>	<u>3,020,712</u>
Operating Income (loss)	<u>58,568</u>	<u>(55,929)</u>	<u>685,070</u>	<u>687,709</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	10,419	72	5,097	15,588
Interest expense	(7,581)	(93,401)	(212,403)	(313,385)
Total Non-operating Revenues (Expenses)	<u>2,838</u>	<u>(93,329)</u>	<u>(207,306)</u>	<u>(297,797)</u>
Income (Loss) Before Transfers and Contributions	61,406	(149,258)	477,764	389,912
TRANSFERS IN - Capital Contributions	-	414,127	1,459,664	1,873,791
TRANSFERS OUT	<u>(33,648)</u>	<u>(104,224)</u>	<u>(4,883)</u>	<u>(142,755)</u>
Change in Net Position	27,758	160,645	1,932,545	2,120,948
TOTAL NET POSITION - BEGINNING OF YEAR	<u>537,555</u>	<u>1,232,767</u>	<u>6,014,522</u>	<u>7,784,844</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 565,313</u>	<u>\$ 1,393,412</u>	<u>\$ 7,947,067</u>	<u>\$ 9,905,792</u>

See accompanying notes to financial statements.

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VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2014

(continued)

	Business-Type Activities Enterprise Funds			Total
	Parking Utility	Water Utility	Sewer Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 215,573	\$1,479,152	\$2,029,206	\$3,723,931
Paid to suppliers for goods and services	(86,457)	(986,244)	(1,132,048)	(2,204,749)
Paid to employees for services	(53,176)	(299,545)	(165,290)	(518,011)
Net Cash Flows From Operating Activities	<u>75,940</u>	<u>193,363</u>	<u>731,868</u>	<u>1,001,171</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to village for tax equivalent	(33,648)	(104,224)	(4,883)	(142,755)
Repayment of due from other funds	-	(83,086)	-	(83,086)
Received from other funds	-	298,350	-	298,350
Payments received on advances	17,727	-	-	17,727
Payments made on advances	(45,047)	-	(53,181)	(98,228)
Interest received on advances	6,528	-	-	6,528
Interest paid on advances	(3,890)	(26,443)	(21,502)	(51,835)
Net Cash Flows From Noncapital Financing Activities	<u>(58,330)</u>	<u>84,597</u>	<u>(79,566)</u>	<u>(53,299)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>4,141</u>	<u>72</u>	<u>3,974</u>	<u>8,187</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(1,249,376)	(2,321,038)	(3,570,414)
Transfers from other funds for capital activity	-	414,127	1,459,664	1,873,791
Proceeds on long-term debt	-	905,000	1,085,000	1,990,000
Premium on long-term debt	-	13,525	9,896	23,421
Debt issuance costs	-	(11,703)	(14,031)	(25,734)
Payments of long-term debt	(15,000)	(152,903)	(399,126)	(567,029)
Interest paid on long-term debt	(4,661)	(51,348)	(173,290)	(229,299)
Net Cash Flows From Capital and Related Financing Activities	<u>(19,661)</u>	<u>(132,678)</u>	<u>(352,925)</u>	<u>(505,264)</u>
Net Change in Cash and Cash Equivalents	2,090	145,354	303,351	450,795
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>296,509</u>	<u>-</u>	<u>250,054</u>	<u>546,563</u>
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 298,599</u>	<u>\$ 145,354</u>	<u>\$ 553,405</u>	<u>\$ 997,358</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2014

(concluded)

	Business-Type Activities Enterprise Funds			Total
	Parking Utility	Water Utility	Sewer Utility	
Ending Total Cash and Cash Equivalents are comprised of:				
Cash and cash equivalents	\$ 298,599	\$ -	\$ 281,739	\$ 580,338
Restricted - cash and cash equivalents	-	145,354	271,666	417,020
TOTAL CASH AND CASH EQUIVALENTS	\$ 298,599	\$ 145,354	\$ 553,405	\$ 997,358
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 58,568	\$ (55,929)	\$ 685,070	\$ 687,709
Adjustments to reconcile operating income to net cash provided from operating activities				
Noncash items included in income				
Depreciation	5,500	113,800	228,664	347,964
Depreciation charged to other accounts	-	12,791	(12,791)	-
Accrued other post employment benefits	-	3,815	3,116	6,931
Changes in assets and liabilities				
Accounts receivable	-	28,891	(13,381)	15,510
Inventories	-	(497)	-	(497)
Prepayments	(1,991)	(2,893)	(2,747)	(7,631)
Accounts payable and accrued liabilities	13,863	93,385	(156,063)	(48,815)
Net Cash Flows From Operating Activities	<u>\$ 75,940</u>	<u>\$ 193,363</u>	<u>\$ 731,868</u>	<u>\$ 1,001,171</u>
NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES				
Capital Assets Contributed by Other Funds	<u>\$ -</u>	<u>\$ 414,127</u>	<u>\$ 1,459,664</u>	<u>\$ 1,873,791</u>

VILLAGE OF SHOREWOOD

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND
As of December 31, 2014

	<u>Tax Collection Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 17,515,451
Property taxes receivable	<u>12,950,945</u>
 TOTAL ASSETS	 <u>\$ 30,466,396</u>
 LIABILITIES	
Accounts payable	\$ 2,493
Due to other taxing units	<u>30,463,903</u>
 TOTAL LIABILITIES	 <u>\$ 30,466,396</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

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VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (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, 2014. 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 2014 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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 non-fiduciary 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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 limits 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 five years. The investment of reserve funds will also be laddered so that the securities mature to meet the cash requirements of the village, thereby avoiding the need to sell securities on the open market prior to maturity in order to meet cash flow needs.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment 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, 2014, 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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 - 2014 tax roll:

Lien date and levy date	December 2014
Tax bills mailed	December 2014
Payment in full, or	January 31, 2015
First installment due	January 31, 2015
Second installment due	March 31, 2015
Third installment due	May 31, 2015
Personal property taxes in full	January 31, 2015
Tax sale - 2014 delinquent real estate taxes	October 2017

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 operations and maintenance work. They are not for resale. The proprietary fund inventories are expensed as consumed, and are valued using 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 \$5,000 for general capital assets, \$20,000 for infrastructure assets, and an estimated useful life in excess of two (2) 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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, 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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Deferred Outflows/Inflows of Resources (continued)

be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows of resources for property taxes levied but supporting the subsequent 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, 2014, 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 2014, the Village paid \$9,238 for six (6) retirees under this program. The remaining unused sick leave bank for these retirees is reported as a government-wide liability of \$46,787.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 As of and For the Year Ended December 31, 2014

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 As of and For the Year Ended December 31, 2014

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 non-debt tax levy is limited to its prior year tax levy dollar amount (excluding TID 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.

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.

B. DEFICIT BALANCES

As of December 31, 2014, the TID No. 3 Fund had a deficit fund balance of \$471,749 and the TID No.5 Fund had a deficit fund balance of \$228,816. These deficits are expected to be funded through future tax increments or revenue sharing.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

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	\$ -	\$ 1,415	N/A
Demand deposits / Money Market funds	10,582,216	9,898,229	Custodial credit risk
Overnight repurchase agreement	15,611,370	15,611,370	Custodial credit, credit risk, concentration of credit, and interest rate
LGIP	230,189	230,189	Credit and interest rate risk
US agency securities	923,379	923,379	Custodial credit and interest rate
US Treasury Bills	4,130,000	4,130,000	Custodial credit risk
Municipal bonds	3,554,226	3,554,226	Custodial credit, credit risk, concentration of credit, and interest rate
Certificates of deposit	<u>1,942,301</u>	<u>1,942,301</u>	Custodial credit, and concentration of credit risk
	<u>\$ 36,973,681</u>	<u>\$ 36,291,109</u>	

Reconciliation to financial statements

Per statement of net position

Cash and cash equivalents	\$ 5,732,063
Investments	6,419,906
Restricted cash and cash equivalents	6,623,689

Per statement of net position - Fiduciary Fund

Cash and cash equivalents	<u>17,515,451</u>
Total cash and investments	<u>\$ 36,291,109</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 NOW accounts), and \$250,000 for interest bearing demand deposit accounts.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

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 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 are covered by SIPC insurance, held by 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, 2014, the Village's investments were rated as follows:

Moody's Investors Services Rating	Municipal Bonds
Aaa	\$ 430,407
Aa1	606,407
Aa2	1,409,650
Aa3	488,843
A1	268,000
Unrated	<u>350,919</u>
Total	<u>\$ 3,554,226</u>

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

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, 2014, the Village's investments were as follows:

Investment Type	Fair Value	Maturity (in years)					
		< 1 year	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6
Municipal bonds	\$ 3,554,226	\$ 611,477	\$ 1,086,065	\$ 410,283	\$ 788,000	\$ 220,671	\$ 437,730
U.S. agencies	923,379	-	-	-	399,672	523,707	-
Total	\$ 4,477,605	\$ 611,477	\$ 1,086,065	\$ 410,283	\$ 1,187,672	\$ 744,378	\$ 437,730

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, 2014, the Village had no investments that exposed it to concentration of credit risk.

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 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:

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

Deferred Inflows	Unavailable	Unearned	Total
Property taxes levied for subsequent year's budget	\$ -	\$ 12,708,645	\$ 12,708,645
Revenues earned but not available	<u>110,543</u>	<u>-</u>	<u>110,543</u>
Total Deferred Inflows for Governmental Funds	<u>\$ 110,543</u>	<u>\$ 12,708,645</u>	<u>\$ 12,819,188</u>

Loans Receivable

Loans outstanding at year end are as follows:

Program	Amount Approved	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Business Incentive						
Loan Program	\$ 536,500	\$ 361,674	\$ 56,787	\$ 101,248	\$ 317,213	\$ 47,353
Neighborhood						
Loan Program	304,325	222,791	76,647	55,216	244,222	-
Other Loans						
Hubbard Lodge	28,939	7,535	-	7,535	-	-
Demolition	-	-	-	-	-	-
Lighthorse	<u>3,535,000</u>	<u>3,535,000</u>	<u>-</u>	<u>-</u>	<u>3,535,000</u>	<u>125,000</u>
Total	<u>\$ 4,404,764</u>	<u>\$ 4,127,000</u>	<u>\$ 133,434</u>	<u>\$ 163,999</u>	<u>\$ 4,096,435</u>	<u>\$ 172,353</u>

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 eight loans have been authorized, as of year-end only six 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 \$83,154.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

Loans Receivable (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 \$78,313.

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 \$13,063.

Loan four - bears interest of 4.5% and is due in equal monthly payments of \$1,338 through December 2016, the outstanding balance on this loan at year end was \$30,662.

Loan five - bears interest of 4.5% and is due in equal monthly payments of \$1,227 through December 2021, the outstanding balance on this loan at year end was \$88,267.

Loan six - bears interest of 3.32% and is due in equal monthly payments of \$407 through April 2020, the outstanding balance on this loan at year end was \$23,854.

Loan seven - was authorized for up to \$200,000 to bear interest of 3.4%. Payments on this loan will begin in 2015 with equal payments to be calculated after final disbursement. There were no funds disbursed on this loan as of December 31, 2014.

Loan eight - was authorized for up to \$25,000 to bear interest of 3.4%. Payments on this loan will begin in 2015 with equal payments to be calculated after final disbursement. There were no funds disbursed on this loan as of December 31, 2014.

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 noninterest bearing and are only due upon refinancing or sale of the property. The maximum loan amount is \$20,000. As of December 31, 2014, there were 17 loans outstanding totaling \$244,222 at year-end.

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 bi-annually. Interest payments began in 2012; annual principal payments of between \$100,000 and \$125,000 are due beginning December 2015 through December 2027. The remaining 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 was completed in 2014. Funding for this loan was obtained through a debt issuance completed in 2012.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

As of December 31, 2014 the Village reported restricted cash and cash equivalents for the following purposes and funds:

Fund	Restricted cash & equivalent	Restricted Liabilities	Restricted Fund Balance
Debt Service Fund			
Funds restricted for debt service payment	\$ 26,313	\$ -	\$ 26,313
General Capital Projects Fund			
Upsent bond proceeds for capital purposes	312,073	-	312,073
Capital Projects - TID No.1			
Upsent bond proceeds for noncapital purposes	1,561,121	-	1,562,487
Capital Projects - TID No.4			
Upsent bond proceeds for noncapital purposes	4,267,398	4,008,064	3,532,690
Nonmajor Governmental Funds			
Restricted for special purposes	39,764	-	39,764
Total Governmental Activities	<u>\$ 6,206,669</u>	<u>\$ 4,008,064</u>	<u>\$ 5,473,327</u>
Water Utility			
Upsent bond proceeds for capital purposes	\$ 145,354	\$ -	\$ -
Sewer Utility			
Upsent bond proceeds for capital purposes	271,666	-	-
Total Business-Type Activities	<u>\$ 417,020</u>	<u>\$ -</u>	<u>\$ -</u>

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 4,491,320	\$ -	\$ -	\$ 4,491,320
Artwork	330,000	-	-	330,000
Construction in progress	165,013	-	165,013	-
Total Capital Assets Not Being Depreciated	<u>4,986,333</u>	<u>-</u>	<u>165,013</u>	<u>4,821,320</u>
Capital Assets Being Depreciated				
Machinery and equipment	3,995,024	228,930	42,824	4,181,130
Intangible assets software	58,705	29,105	-	87,810
Buildings and improvements	8,534,348	183,609	48,591	8,669,366
Infrastructure	26,331,039	2,001,002	578,314	27,753,727
Total Capital Assets Being Depreciated	<u>38,919,116</u>	<u>2,442,646</u>	<u>669,729</u>	<u>40,692,033</u>
Total Capital Assets	<u>43,905,449</u>	<u>2,442,646</u>	<u>834,742</u>	<u>45,513,353</u>
Less: Accumulated Depreciation for				
Machinery and equipment	2,539,160	281,653	39,716	2,781,097
Intangible assets software	23,482	17,562	-	41,044
Buildings and improvements	2,790,676	221,228	29,337	2,982,567
Infrastructure	13,820,320	976,956	578,300	14,218,976
Total Accumulated Depreciation	<u>19,173,638</u>	<u>1,497,399</u>	<u>647,353</u>	<u>20,023,684</u>
Net Depreciable Assets	<u>19,745,478</u>	<u>945,247</u>	<u>22,376</u>	<u>20,668,349</u>
Total Governmental Activities	<u>\$ 24,731,811</u>	<u>\$ 945,247</u>	<u>\$ 187,389</u>	<u>\$ 25,489,669</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 73,630
Public safety	63,585
Health and social services	4,523
Public works, which includes the depreciation of infrastructure	1,192,902
Culture and recreation	<u>162,759</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,497,399</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Business-Type Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 233,345	\$ -	\$ -	\$ 233,345
Construction in progress	<u>186,747</u>	<u>3,471</u>	<u>97,780</u>	<u>92,438</u>
Total Capital Assets				
Not Being Depreciated	<u>420,092</u>	<u>3,471</u>	<u>97,780</u>	<u>325,783</u>
Capital Assets Being Depreciated				
Water utility system	4,792,495	1,228,808	44,725	5,976,578
Sewer collection system	14,443,691	2,410,752	115,917	16,738,526
Parking improvements	501,569	-	-	501,569
Machinery and equipment	<u>975,888</u>	<u>25,163</u>	<u>11,234</u>	<u>989,817</u>
Total Capital Assets Being Depreciated	<u>20,713,643</u>	<u>3,664,723</u>	<u>171,876</u>	<u>24,206,490</u>
Total Capital Assets	<u>21,133,735</u>	<u>3,668,194</u>	<u>269,656</u>	<u>24,532,273</u>
Less: Accumulated Depreciation for				
Water utility system	1,072,700	113,720	44,725	1,141,695
Sewer collection system	1,763,828	175,414	115,917	1,823,325
Parking improvements	397,061	5,500	-	402,561
Machinery and equipment	<u>656,972</u>	<u>53,330</u>	<u>11,234</u>	<u>699,068</u>
Total Accumulated Depreciation	<u>3,890,561</u>	<u>347,964</u>	<u>171,876</u>	<u>4,066,649</u>
Net Depreciable Assets	<u>16,823,082</u>	<u>3,316,759</u>	<u>-</u>	<u>20,139,841</u>
Total Business-Type Activities	<u>\$ 17,243,174</u>	<u>\$ 3,320,230</u>	<u>\$ 97,780</u>	<u>\$ 20,465,624</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	\$ 113,800
Sewer	228,664
Parking	<u>5,500</u>
Total Business-type Activities Depreciation Expense	<u>\$ 347,964</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

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	\$ 298,350	\$ -
TID No. 1	TID No. 3	373,203	373,203
TID No. 1	TID No. 5	200,373	200,373
Subtotal		871,926	573,576
Less: Fund eliminations		(573,576)	-
Total Internal Balances - combined with advances		\$ 298,350	\$ 573,576

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	Water Utility	\$ 800,000	\$ 725,000
General Fund	Sewer Utility	464,008	427,536
Subtotal General Fund		1,264,008	1,152,536
Parking Utility	Sewer Utility	232,006	213,771
Total - Fund Financial Statements		1,496,014	\$ 1,366,307
Less: Fund eliminations		(232,006)	
Total Internal Balances - advances		1,264,008	
Total Internal Balances - due to/due from above		298,350	
Total Internal Balances Statement of Net Position		\$ 1,562,358	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS (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						Business-Type Advances	
	Water Utility		Sewer Utility		Total		Parking Utility to Sewer Utility	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 75,000	\$ 26,000	\$ 36,472	\$ 13,317	\$ 111,472	\$ 39,317	\$ 18,235	\$ 6,659
2016	75,000	23,563	37,519	12,270	112,519	35,833	18,759	6,135
2017	75,000	21,125	38,596	11,193	113,596	32,318	19,297	5,597
2018	115,000	18,688	39,703	10,086	154,703	28,774	19,851	5,043
2019	115,000	14,950	40,843	8,946	155,843	23,896	20,421	4,473
2020-2025	<u>345,000</u>	<u>22,426</u>	<u>270,875</u>	<u>27,859</u>	<u>615,875</u>	<u>50,285</u>	<u>135,443</u>	<u>13,921</u>
Total	<u>\$ 800,000</u>	<u>\$ 126,752</u>	<u>\$ 464,008</u>	<u>\$ 83,671</u>	<u>\$ 1,264,008</u>	<u>\$ 210,423</u>	<u>\$ 232,006</u>	<u>\$ 41,828</u>

The purpose of these advances was to provide for sufficient operating cash flow. These advances will be repaid through future user fees.

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
As of and For the Year Ended December 31, 2014

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:

Transferred To	Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 104,224	Payment in lieu of taxes
General Fund	Sewer Utility	4,883	Payment in lieu of taxes
General Fund	Parking Utility	33,648	Payment in lieu of taxes
General Fund	Library	<u>47,247</u>	Administration allocation
Subtotal General Fund		<u>190,002</u>	
Debt Service Fund	Capital Projects Fund	26,313	Debt service
Debt Service Fund	TID No. 1	1,168,989	Debt service
Debt Service Fund	TID No. 3	20,900	Debt service
Debt Service Fund	TID No. 4	<u>301,744</u>	Debt service
Subtotal Debt Service Fund		<u>1,517,946</u>	
Capital Projects Fund	General Fund	<u>33,000</u>	Capital investment
General Fund	Public Art Fund	18,476	Program subsidy
Marketing Shorewood	TID No. 1	10,000	Program subsidy
Shorewood Today	Marketing Shorewood	<u>5,100</u>	Program subsidy
Subtotal Nonmajor Funds		<u>33,576</u>	
Total - Fund Financial Statements		1,774,524	
Less: Fund Eliminations		<u>(1,631,769)</u>	
Water Utility	Governmental Activities	(414,127)	Assets constructed
Sewer Utility	Governmental Activities	<u>(1,459,664)</u>	Assets constructed
Total Transfer - Government-Wide			
Statement of Activities		<u>\$ (1,731,036)</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
As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 36,623,500	\$ 4,070,000	\$ 5,659,844	\$ 35,033,656	\$ 2,600,165
(Discounts)/premiums	<u>318,276</u>	<u>69,065</u>	<u>13,574</u>	<u>373,767</u>	<u>13,574</u>
Total General Obligation Debt	<u>36,941,776</u>	<u>4,139,065</u>	<u>5,673,418</u>	<u>35,407,423</u>	<u>2,613,739</u>
Other Liabilities					
Pension	288,933	-	-	288,933	-
Other postemployment benefits	687,457	228,374	163,709	752,122	-
Compensated absences	556,837	211,751	241,845	526,743	250,000
Retiree sick leave	<u>44,339</u>	<u>21,234</u>	<u>19,640</u>	<u>45,933</u>	<u>8,262</u>
Total Other Liabilities	<u>1,577,566</u>	<u>461,359</u>	<u>425,194</u>	<u>1,613,731</u>	<u>258,262</u>
Total Governmental Activities	<u>\$ 38,519,342</u>	<u>\$ 4,600,424</u>	<u>\$ 6,098,612</u>	<u>\$ 37,021,154</u>	<u>\$ 2,872,001</u>
Business-Type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 8,860,374	\$ 1,990,000	\$ 567,030	\$ 10,283,344	\$ 704,719
(Discounts)/premiums	<u>104,173</u>	<u>30,861</u>	<u>7,691</u>	<u>127,343</u>	<u>7,691</u>
Total General Obligation Debt	<u>8,964,547</u>	<u>2,020,861</u>	<u>574,721</u>	<u>10,410,687</u>	<u>712,410</u>
Other Liabilities					
Other postemployment benefits	40,870	18,131	13,970	45,031	-
Compensated absences	<u>54,676</u>	<u>6,135</u>	<u>3,778</u>	<u>57,033</u>	<u>5,000</u>
Total Other Liabilities	<u>95,546</u>	<u>24,266</u>	<u>17,748</u>	<u>102,064</u>	<u>5,000</u>
Total Business-Type Activities	<u>\$ 9,060,093</u>	<u>\$ 2,045,127</u>	<u>\$ 592,469</u>	<u>\$ 10,512,751</u>	<u>\$ 717,410</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, 2014, was \$71,596,060. Total general obligation debt outstanding at year-end was \$45,317,001.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

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
Governmental Activities					
Taxable issues					
Refunding Bonds	12/1/2005	11/30/2015	5.10-5.25%	\$ 2,035,000	\$ 280,000
Corp Purpose Bonds	5/11/2010	5/1/2025	1.00-5.20%	4,576,554	3,954,140
Community Dev Bonds	3/8/2012	12/1/2031	2.00-3.25%	6,165,000	6,090,000
Tax-exempt issues					
Refunding Bonds	3/1/2002	9/1/2018	2.13-4.75%	7,335,000	410,000
Community Dev Bonds	2/12/2008	8/1/2022	3.15%	3,520,000	2,545,000
Promissory Note	11/18/2008	10/1/2018	3.00-4.30%	1,740,000	935,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085-3.90%	6,390,000	5,285,000
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	3,715,000
Refunding Bonds	12/30/2013	12/30/2022	2.00-3.00%	5,290,000	5,065,000
Corp Purpose Bonds	10/23/2014	4/1/2034	2.00-3.00%	4,070,000	4,070,000
NSFD Note Payables					
Whitefish Bay	9/1/2002	4/1/2022	2.00-3.00%	897,184	444,104
Bayside	8/1/2003	8/1/2023	0.80-2.30%	468,050	250,412
Total Governmental Activities General Obligation Debt					<u>\$ 35,033,656</u>
Business-type Activities					
Taxable Corp Purp Bonds	5/11/2010	5/1/2025	1.00-5.20%	\$ 143,446	\$ 115,860
Tax-exempt issues					
Clean Water Fund	6/15/1998	5/1/2018	2.64%	988,737	364,463
State Trust Fund Loan	4/22/2004	3/15/2019	3.75%	129,000	53,022
Promissory Notes	12/20/2006	4/1/2016	3.60-3.65%	1,165,000	355,000
Promissory Notes	11/18/2008	10/1/2018	3.00-4.30%	595,000	350,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085-3.90%	2,175,000	1,990,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.00-3.00%	5,400,000	5,065,000
Corp Purpose Bonds	10/23/2014	4/1/2034	2.00-3.00%	1,990,000	1,990,000
Total Business-Type Activities General Obligation Debt					<u>\$ 10,283,345</u>
Total General Obligation Debt					<u>\$ 45,317,001</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

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
2015	\$ 2,595,165	\$ 1,000,367	\$ 704,719	\$ 267,329
2016	2,775,250	931,770	748,272	250,728
2017	2,987,474	849,377	606,523	232,313
2018	3,103,824	759,312	639,856	215,551
2019	2,819,302	666,328	471,070	198,501
2020-2024	11,661,431	2,151,194	2,714,112	797,112
2025-2029	7,096,210	909,338	2,753,793	427,520
2030-2034	1,995,000	130,475	1,645,000	107,785
Totals	<u>\$ 35,033,656</u>	<u>\$ 7,398,161</u>	<u>\$ 10,283,345</u>	<u>\$ 2,496,839</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 2014 were \$49,733 and \$11,198, respectively. The total outstanding balance at December 31, 2014 is \$2,545,000, of which the Village is responsible for \$444,104.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

North Shore Fire Department Obligations (continued)

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.

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 2014 were \$27,048 and \$4,160, respectively. The total outstanding balance at December 31, 2014 was \$1,435,000 of which \$250,412 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 was removed from the financial statements in 2013. The remaining funds from this debt issue was used for a current refunding of the 2010A series bonds with an outstanding balance of \$3.6 million in January of 2014.

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
As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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 term of the lease continues until the end of 2029. The lease also requires the lessee to make annual capital improvements of at least \$10,000 to the property.

The future minimum rentals for this property are \$30,000 per year from 2015-2019, and \$40,000 per year with a 3% annual increase for inflation from 2020-2029. Actual rental payments will be either the annual minimum payment, or 4% of the prior year’s gross revenues for the property, whichever is higher.

H. NET POSITION AND FUND BALANCES

Net Position

Net position reported on the government-wide statement of net position at December 31, 2014 includes the following:

Net Investment in Capital Assets	Governmental Activities	Business-Type Activities
Capital Assets		
Capital assets not being depreciated	\$ 4,821,320	\$ 325,783
Capital assets being depreciated	40,692,033	24,206,488
Accumulated depreciation	<u>(20,023,684)</u>	<u>(4,066,649)</u>
Total Capital Assets	<u>25,489,669</u>	<u>20,465,622</u>
Capital Related Debt		
General Obligation (G.O.) Debt	(35,033,656)	(10,283,345)
Discounts (Premiums) on Capital related debt	(338,910)	(127,343)
Less Noncapital Related Debt Issuances		
Whitefish Bay note	444,104	-
Bayside note	250,412	-
2005 Taxable G.O. Refunding Bonds	280,000	-
2010B Taxable G.O. Bonds	3,954,140	115,860
2011 G.O. Corp Purpose Bonds (portion)	1,690,837	-
2012 Community Development Bonds	6,090,000	-
2012 Taxable Community Development Bonds	1,990,000	-
2012 Corp Purpose Bonds (portion)	1,846,076	245,000
2013 Tax Exempt G.O. Refunding Bonds (portion)	1,627,694	-
2014 Corp Purpose Bonds (portion)	<u>1,985,000</u>	<u>-</u>
Total Capital Related Debt	<u>(15,214,303)</u>	<u>(10,049,828)</u>
Unspent Capital Related Bond Proceeds	<u>161,719</u>	<u>417,020</u>
Net Investment in Capital Assets	<u>\$ 10,437,085</u>	<u>\$ 10,832,814</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

H. NET POSITION AND FUND BALANCES (continued)

Net Position (continued)

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 \$3,280,415 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.

Fund Balances

Fund balances reported on the governmental fund financial statements as of December 31, 2014 within the restricted, committed, and assigned classifications can be further detailed as follows:

Classification/Fund	Amount	Purpose
Restricted		
Debt Service Fund	\$ 26,313	Payment of principal and interest
Capital Projects Fund	312,073	TID plan purposes
TID No. 1 Fund	1,562,487	TID plan purposes
TID No. 4 Fund	3,532,690	TID plan purposes
Nonmajor Funds	16,064	Police department activities
Nonmajor Funds	23,700	Library Auermiller donation purposes
Total Nonmajor Funds	<u>39,764</u>	
Total Restricted	<u>\$ 5,473,327</u>	
Committed		
General Fund	\$ 10,846	Health department costs
Debt Service Fund	11,304	Debt service activities
Nonmajor Funds	7,403	Police department activities
Nonmajor Funds	30,816	Public Art activities
Nonmajor Funds	15,681	Shorewood Today magazine
Nonmajor Funds	19,902	Senior Services activities
Nonmajor Funds	32,537	Village marketing activities
Total Nonmajor Funds	<u>106,339</u>	
Total Committed	<u>\$ 128,489</u>	
Assigned		
General Fund	\$ 87,657	Future retirement costs
General Fund	84,250	Neighborhood loan program
General Fund	28,000	2013 budget
Total General Fund	<u>199,907</u>	
Capital Projects Fund	598,340	Future capital projects and equipment
Nonmajor Funds	56,149	General library purposes
Total Assigned	<u>\$ 854,396</u>	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

I. SPECIAL ITEMS

Significant transactions that are within the control of management that are either unusual in nature or infrequent in occurrence for the reporting entity are considered to be special items. There were no special items to report in 2014.

J. 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 \$63,249. The bank value was \$63,709 the difference is due to outstanding checks and deposits in transit.

c. Facade Improvement Program

The BID is administering 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 2014, the TID No. 1 Fund contributed \$15,000 for administration and a \$50,000 grant for future façade improvements. Unspent funds at the end of the grant period revert back to TID No. 1.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION

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 and expected to work at least 600 hours a year, or after July 1, 2011 and expected to work at least 1,200 per year, and expected to be employed for at least one year from the employee's date of hire, are eligible to participate in the WRS.

The employee required contribution rate is one-half of the actuarially determined contribution rates for General employment category, including elected officials. The Protective employment category employee required contribution rates are the same as the general employees; however, this may not be one-half of the total actuarially determined cost for this class of employee. Employers are required to contribute the remainder of the actuarially determined contributions. The employer may not subsidize the employee's required contribution portion unless provided for by an existing collective bargaining agreement.

Contribution rates for 2014 were:

	<u>Employee</u>	<u>Employer</u>
General	7.00%	7.00%
Protective with Social Security	7.00%	10.56%

The payroll for village employees covered by the WRS for the year ended December 31, 2014 was \$4,792,475; the employer's total payroll was \$5,085,390. The total required contributions for the year ended December 31, 2014 was \$741,736 or 15.5% of covered payroll. Of this amount, 100% was contributed by the employer for the current year. Total contributions for the years ending December 31, 2013 and 2012 were \$815,584 and \$715,687, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service or 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

As of December 31, 2014 there was no pension related debt for the Village.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE IV – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

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 System 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.

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 2014 were \$55,941 for four (4) 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% for a family plan and 100% for a single plan, towards the health insurance premium for general employees hired before January 1, 2008. For employees hired between January 1, 2008 and March 25, 2011 the village contributes 50% for both family and single plans. Employees hired after March 25, 2011 are not eligible for employer contributions towards post-retirement health care.

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 2014, total contributions to the plan were \$177,677. Of this amount, \$74,097 was payments made by the Village and the remainders of the total contributions were from member contributions and implicit rate subsidy.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2014

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	\$ 245,472
Interest on net OPEB obligation	29,133
Adjustment to annual required contribution	<u>(28,101)</u>
Annual OPEB cost (expense)	246,504
Contributions made	<u>(174,907)</u>
Increase in net OPEB liability	71,597
Net OPEB Liability - Beginning of Year	<u>728,326</u>
Net OPEB Liability - End of Year	<u><u>\$ 799,923</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
12/31/2012	\$ 210,919	101%	\$ 673,739
12/31/2013	210,913	74%	728,327
12/31/2014	246,504	72%	799,923

The funded status of the plan as of December 31, 2014 was as follows:

Actuarial accrued liability (AAL)	\$ 2,775,895
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>2,775,895</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 5,085,390
UAAL as a percentage of covered payroll	54.59%

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

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, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return and an annual healthcare cost trend rate of 7.5% decreasing by 0.5% per year down to 6.5%, and then decreasing by 0.1% per year down to 5.0%, and level thereafter. Both rates include a 3% inflation assumption. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2016 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 March 25, 2011 will not receive any Village payment towards health insurance upon retirement.

C. JOINT VENTURES

North Shore Public Safety Communications Commission

The Villages of Shorewood and 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 As of and For the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

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 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 2014, the Village's financial responsibility towards this service was made up of annual operational costs of \$304,851, and \$5,023 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 2014. The Village's total contributions towards this service are estimated at \$327,747 in 2015. 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, 2014 is available directly from the NSPSCC's office at 5300 N. Marlborough Drive, Whitefish Bay, WI 53217.

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 North Shore Fire Department 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 2014 was \$2,045,512 and \$165,426 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, WI 53223.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

C. JOINT VENTURES (continued)

North Shore Health Department

During 2011, the Village signed an agreement to join the North Shore Health Department, 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 North Shore Health Department (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.

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 2014 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, WI 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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (continued)

E. COMMITMENTS AND CONTINGENCIES (continued)

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 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 this has been disbursed as of December 31, 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

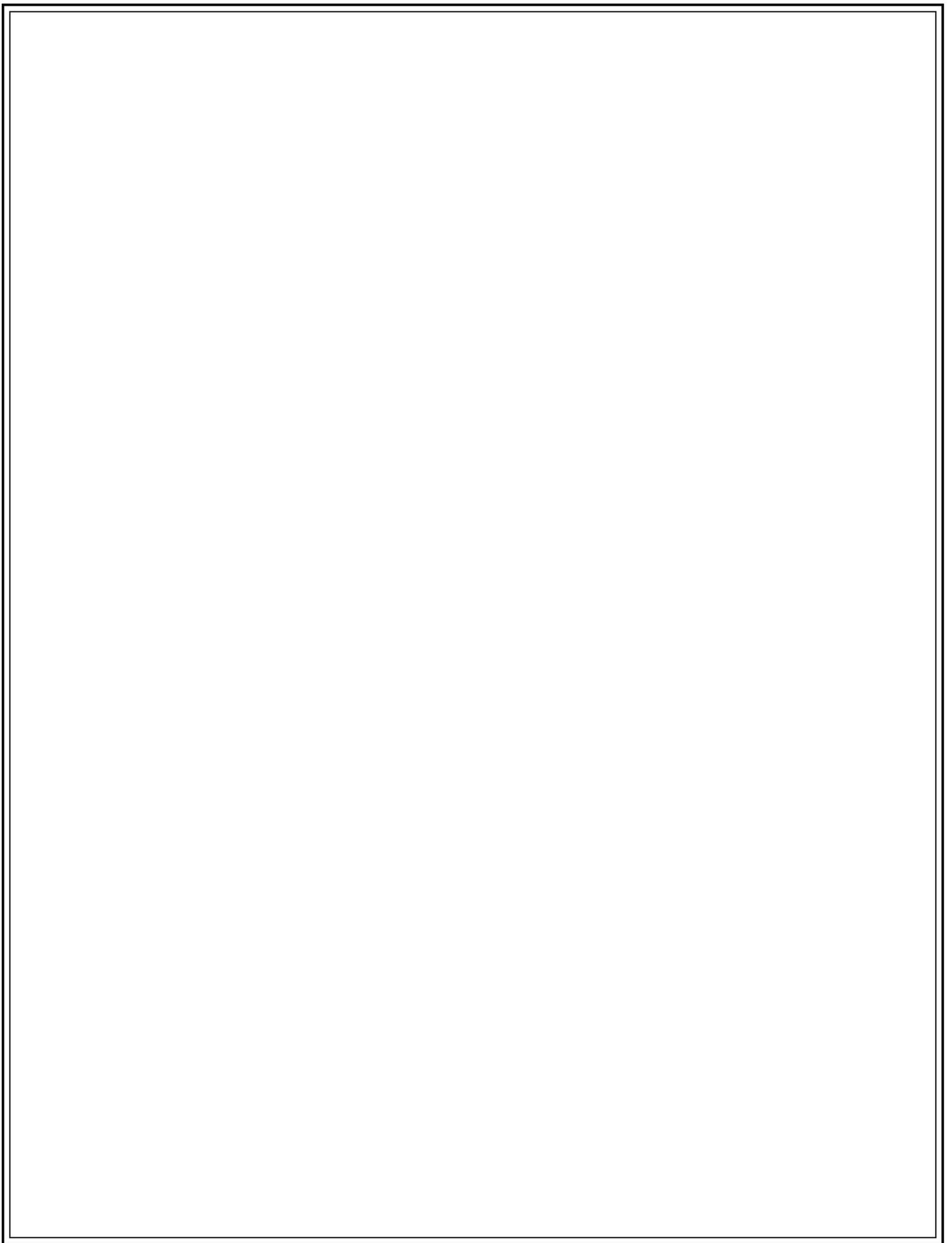
The Governmental Accounting Standards Board (GASB) has approved the following new accounting pronouncements:

- Statement No. 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. 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.
- Statement No. 72, *Fair Value Measurement and Application*, issued February 2015, which provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

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.

G. SUBSEQUENT EVENTS

On January 22, 2015, the Village issued Taxable General Obligation Community Development Bonds, Series 2015A, in the amount of \$8,050,000.



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, 2014

(continued)

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 7,827,198	\$ 7,827,198	\$ -
Intergovernmental	1,119,390	1,124,088	4,698
Licenses and permits	502,615	550,610	47,995
Fines	572,235	459,720	(112,515)
Charges for services	356,257	346,912	(9,345)
Investment income	99,200	74,327	(24,873)
Other revenues	84,897	166,227	81,330
TOTAL REVENUES	10,561,792	10,549,082	(12,710)
EXPENDITURES			
General Government			
Board	21,947	29,839	(7,892)
Court	96,883	97,010	(127)
Manager	259,273	238,567	20,706
Clerk/Elections	254,294	233,418	20,876
Customer service	120,644	119,083	1,561
Finance	149,019	152,845	(3,826)
Village hall shared building	-	22,467	(22,467)
Other general administration	167,639	168,638	(999)
Total General Government	1,069,699	1,061,867	7,832
Public Safety			
Police department	3,686,564	3,568,903	117,661
Planning and building inspection	394,838	375,344	19,494
Fire and other public safety	2,745,218	2,745,206	12
Total Public Safety	6,826,620	6,689,453	137,167
Public Works			
Public works administration	352,636	310,400	42,236
Building maintenance	210,262	254,211	(43,949)
Municipal garage	290,974	347,520	(56,546)
Street and alley	96,465	108,435	(11,970)
Street sweeping	15,764	6,584	9,180
Street lighting	169,276	112,848	56,428
Street signals	25,005	16,413	8,592

VILLAGE OF SHOREWOOD

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

For the Year Ended December 31, 2014

(concluded)

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES (Continued)			
Public Works (Continued)			
Street marking	\$ 22,188	\$ 8,473	\$ 13,715
Winter maintenance	139,593	115,360	24,233
Refuse disposal	534,161	497,002	37,159
Recycling	178,550	179,545	(995)
Yard waste/leaf collection	116,461	149,110	(32,649)
Total Public Works	<u>2,151,335</u>	<u>2,105,901</u>	<u>45,434</u>
Health Department	<u>147,068</u>	<u>146,122</u>	<u>946</u>
Culture and Recreation			
Parks and beautification	192,128	184,283	7,845
Village center	8,336	6,540	1,796
Atwater beach	59,757	43,807	15,950
Celebrations	45,462	50,315	(4,853)
Total Culture and Recreation	<u>305,683</u>	<u>284,945</u>	<u>20,738</u>
Conservation and Development			
Forestry	<u>199,058</u>	<u>225,124</u>	<u>(26,066)</u>
Total Conservation and Development	<u>199,058</u>	<u>225,124</u>	<u>(26,066)</u>
TOTAL EXPENDITURES	<u>10,699,463</u>	<u>10,513,412</u>	<u>186,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(137,671)</u>	<u>35,670</u>	<u>173,341</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	170,671	190,002	19,331
Transfers out	<u>(33,000)</u>	<u>(51,476)</u>	<u>(18,476)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>137,671</u>	<u>138,526</u>	<u>855</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>174,196</u>	<u>\$ 174,196</u>
FUND BALANCES - BEGINNING OF YEAR		<u>6,106,431</u>	
FUND BALANCES - END OF YEAR		<u>\$ 6,280,627</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)
Postemployment Health Care Plan						
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%
01/01/14	-	2,775,895	2,775,895	0%	5,085,390	55%

Note: 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, 2007, January 1, 2011 for the year ended December 31, 2011, and January 1, 2014 for the year ended December 31, 2014.

The unfunded actuarial accrued postemployment benefit liability determined by the current (2014) 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 trends in the amounts reported:

- demographic assumptions used in the prior reports, such as rates of retirement, disablement, and separation, are updated during each actuarial evaluation based upon the Wisconsin Retirement System (WRS) most recent annual report which reflects any changes in the expectations of these factors.
- the Village has made changes to its medical plan design which in turn has resulted in lower premiums than were expected in the 2007 valuation. However, actual premium costs have exceeded the assumed medical trend projections for the most recent valuation.

The following outline the general parameters (select and ultimate rates) for these assumptions for each valuation:
 2007: From an annual healthcare cost trend rate of 12% initially, reduced by decrements to an ultimate rate of 4%
 2011: To a 5% initial decrease, followed by a 10% increase, then reduced by 1% per year to an ultimate rate of 5%
 2014: From an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5%

- the discount rate has been updated from 5% as was used in the prior valuation to 4% for the current valuation.

VILLAGE OF SHOREWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of and For the Year Ended December 31, 2014

A. 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.

A budget has been adopted for the General Fund, Debt Service, General Capital Projects, TID No.'s 1, 3, 4, and 5, and the following Special Revenue Funds: Library, Police Special Funds, Shorewood Today, Elder 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. Excess Expenditures Over Appropriations

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

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Board	\$ 21,947	\$ 29,839	\$ 7,892
Court	96,883	97,010	127
Finance	149,019	152,845	3,826
Other General Admin	\$167,639	\$168,638	999
Village Hall Shared	-	22,467	22,467
Building Maintenance	210,262	254,211	43,949
Municipal Garage	290,974	347,520	56,546
Street and Alley	96,465	108,435	11,970
Recycling	178,550	179,545	995
Yard waste/leaf collection	116,461	149,110	32,649
Forestry	199,058	225,124	26,066
Village Celebrations	45,462	50,315	4,853
Transfers out	33,000	51,476	18,476
Other Funds			
Library - expenditures and transfers	932,489	1,004,322	71,833
Police Special	4,380	8,180	3,800
Public Art	-	63,773	63,773
Debt Service	2,972,393	6,532,334	3,559,941
TID No. 3 expenditures and transfers	37,852	677,250	639,398
TID No. 4 expenditures and transfers	308,466	2,714,190	2,405,724
TID No. 5 expenditures and transfers	-	228,816	228,816

See independent auditors' report.

SUPPLEMENTARY
INFORMATION

VILLAGE OF SHOREWOOD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2014

(continued)

	Special Revenue Funds			
	Library	Police Special Funds	Public Art Funds	Shorewood Today
ASSETS				
Cash and cash equivalents	\$ 583,037	\$ 7,403	\$ 30,816	\$ 17,268
Taxes receivable	313,497	-	-	1,968
Accounts receivable	-	-	-	1,545
Due from other governments	-	-	-	-
Prepays	66	-	-	-
Restricted assets - cash and cash equivalents	<u>23,700</u>	<u>16,064</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 920,300</u>	<u>\$ 23,467</u>	<u>\$ 30,816</u>	<u>\$ 20,781</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 11,106	\$ -	\$ -	\$ -
Accrued liabilities	16,765	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>27,871</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Taxes levied for subsequent year's budget	812,514	-	-	5,100
Unavailable revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>812,514</u>	<u>-</u>	<u>-</u>	<u>5,100</u>
Fund Balances (Deficit)				
Nonspendable - prepaids	66	-	-	-
Restricted				
Police grants	-	16,064	-	-
Library Auermiller donation	23,700	-	-	-
Committed	-	7,403	30,816	15,681
Assigned	56,149	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficit)	<u>79,915</u>	<u>23,467</u>	<u>30,816</u>	<u>15,681</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 920,300</u>	<u>\$ 23,467</u>	<u>\$ 30,816</u>	<u>\$ 20,781</u>

(concluded)

Special Revenue Funds		Capital Projects Funds		Total Nonmajor Governmental Funds
Senior Services	Marketing Shorewood	TID No. 3	TID No. 5	
\$ 85,464	\$ 61,939	\$ -	\$ -	\$ 785,927
38,585	17,363	-	-	371,413
25,485	-	-	-	27,030
-	-	-	-	-
7	-	-	-	73
-	-	-	-	39,764
<u>\$ 149,541</u>	<u>\$ 79,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,207</u>
\$ 2,567	\$ 1,765	\$ 98,462	\$ 28,359	\$ 142,259
1,577	-	84	84	18,510
-	-	373,203	200,373	573,576
<u>4,144</u>	<u>1,765</u>	<u>471,749</u>	<u>228,816</u>	<u>734,345</u>
100,003	45,000	-	-	962,617
25,485	-	-	-	25,485
<u>125,488</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>988,102</u>
7	-	-	-	73
-	-	-	-	16,064
-	-	-	-	23,700
19,902	32,537	-	-	106,339
-	-	-	-	56,149
-	-	(471,749)	(228,816)	(700,565)
<u>19,909</u>	<u>32,537</u>	<u>(471,749)</u>	<u>(228,816)</u>	<u>(498,240)</u>
<u>\$ 149,541</u>	<u>\$ 79,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,224,207</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, 2014

(continued)

	Special Revenue Funds			
	Library	Police Special Funds	Public Art Funds	Shorewood Today
REVENUES				
Taxes	\$ 795,984	\$ -	\$ -	\$ 5,100
Intergovernmental	72,219	8,690	-	-
Charges for services	55,766	434	-	60,601
Investment income	68	-	-	-
Other revenues	9,782	4,661	76,113	-
Total Revenues	<u>933,819</u>	<u>13,785</u>	<u>76,113</u>	<u>65,701</u>
EXPENDITURES				
Current				
General government	-	-	-	59,051
Public safety	-	8,180	-	-
Health and social services	-	-	-	-
Culture and recreation	911,180	-	63,773	-
Conservation and development	-	-	-	-
Capital Outlay	45,895	-	-	-
Debt Service				
Bond Issuance costs	-	-	-	-
Total Expenditures	<u>957,075</u>	<u>8,180</u>	<u>63,773</u>	<u>59,051</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,256)</u>	<u>5,605</u>	<u>12,340</u>	<u>6,650</u>
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers in	-	-	18,476	5,100
Transfers out	(47,247)	-	-	-
Total Other Financing Sources (Uses)	<u>(47,247)</u>	<u>-</u>	<u>18,476</u>	<u>5,100</u>
Net Change in Fund Balances	(70,503)	5,605	30,816	11,750
FUND BALANCES (DEFICIT) - Beginning of Year	<u>150,418</u>	<u>17,862</u>	<u>-</u>	<u>3,931</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 79,915</u>	<u>\$ 23,467</u>	<u>\$ 30,816</u>	<u>\$ 15,681</u>

(concluded)

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>		<u>Total</u>
<u>Senior Services</u>	<u>Marketing Shorewood</u>	<u>TID No. 3</u>	<u>TID No. 5</u>	<u>Nonmajor Governmental Funds</u>
\$ 96,481	\$ 30,000	\$ -	\$ -	\$ 927,565
20,840	-	8,320	-	110,069
37,055	20,000	-	-	173,856
-	-	-	-	68
26,321	6,000	-	-	122,877
<u>180,697</u>	<u>56,000</u>	<u>8,320</u>	<u>-</u>	<u>1,334,435</u>
-	45,482	-	-	104,533
-	-	-	-	8,180
163,109	-	-	-	163,109
-	-	-	-	974,953
-	-	236,921	228,816	465,737
-	-	-	-	45,895
-	-	5,302	-	5,302
<u>163,109</u>	<u>45,482</u>	<u>242,223</u>	<u>228,816</u>	<u>1,767,709</u>
<u>17,588</u>	<u>10,518</u>	<u>(233,903)</u>	<u>(228,816)</u>	<u>(433,274)</u>
-	-	410,000	-	410,000
-	-	20,012	-	20,012
-	10,000	-	-	33,576
-	(5,100)	(435,027)	-	(487,374)
-	4,900	(5,015)	-	(23,786)
17,588	15,418	(238,918)	(228,816)	(457,060)
2,321	17,119	(232,831)	-	(41,180)
<u>\$ 19,909</u>	<u>\$ 32,537</u>	<u>\$ (471,749)</u>	<u>\$ (228,816)</u>	<u>\$ (498,240)</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, 2014

(continued)

	Library			Police Special Funds		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$795,984	\$ 795,984	\$ -	\$ -	\$ -	\$ -
Intergovernmental	71,705	72,219	514	3,680	8,690	5,010
Charges for services	56,000	55,766	(234)	700	434	(266)
Investment income	-	68	68	-	-	-
Other revenues	4,700	9,782	5,082	-	4,661	4,661
Total Revenues	<u>928,389</u>	<u>933,819</u>	<u>5,430</u>	<u>4,380</u>	<u>13,785</u>	<u>9,405</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	4,380	8,180	(3,800)
Health and social services	-	-	-	-	-	-
Culture and recreation	932,489	911,180	21,309	-	-	-
Capital Outlay	-	45,895	(45,895)	-	-	-
Total Expenditures	<u>932,489</u>	<u>957,075</u>	<u>(24,586)</u>	<u>4,380</u>	<u>8,180</u>	<u>(3,800)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,100)</u>	<u>(23,256)</u>	<u>(19,156)</u>	<u>-</u>	<u>5,605</u>	<u>5,605</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(47,247)	(47,247)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(47,247)</u>	<u>(47,247)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (4,100)</u>	<u>(70,503)</u>	<u>\$ (66,403)</u>	<u>\$ -</u>	<u>5,605</u>	<u>\$ 5,605</u>
FUND BALANCES - BEGINNING OF YEAR		<u>150,418</u>			<u>17,862</u>	
FUND BALANCES - END OF YEAR		<u>\$ 79,915</u>			<u>\$23,467</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, 2014

(continued)

	Public Art			Shorewood Today		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 5,100	\$ 5,100	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	49,530	60,601	11,071
Investment income	-	-	-	-	-	-
Other revenues	-	76,113	76,113	-	-	-
Total Revenues	<u>-</u>	<u>76,113</u>	<u>76,113</u>	<u>54,630</u>	<u>65,701</u>	<u>11,071</u>
EXPENDITURES						
Current						
General government	-	-	-	59,730	59,051	679
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	-	63,773	(63,773)	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>63,773</u>	<u>(63,773)</u>	<u>59,730</u>	<u>59,051</u>	<u>679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>12,340</u>	<u>12,340</u>	<u>(5,100)</u>	<u>6,650</u>	<u>11,750</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	18,476	18,476	5,100	5,100	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>18,476</u>	<u>18,476</u>	<u>5,100</u>	<u>5,100</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>30,816</u>	<u>\$ 30,816</u>	<u>\$ -</u>	<u>11,750</u>	<u>\$ 11,750</u>
FUND BALANCES - BEGINNING OF YEAR		<u>-</u>			<u>3,931</u>	
FUND BALANCES - END OF YEAR		<u>\$ 30,816</u>			<u>\$15,681</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, 2014

(concluded)

	<u>Senior Services</u>			<u>Marketing Shorewood</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES						
Taxes	\$ 96,481	\$ 96,481	\$ -	\$30,000	\$30,000	\$ -
Intergovernmental	10,000	20,840	10,840	-	-	-
Charges for services	35,519	37,055	1,536	20,000	20,000	-
Investment income	-	-	-	-	-	-
Other revenues	<u>28,603</u>	<u>26,321</u>	<u>(2,282)</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Total Revenues	<u>170,603</u>	<u>180,697</u>	<u>10,094</u>	<u>50,000</u>	<u>56,000</u>	<u>6,000</u>
EXPENDITURES						
Current						
General government	-	-	-	54,900	45,482	9,418
Public safety	-	-	-	-	-	-
Health and social services	168,548	163,109	5,439	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>168,548</u>	<u>163,109</u>	<u>5,439</u>	<u>54,900</u>	<u>45,482</u>	<u>9,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,055</u>	<u>17,588</u>	<u>15,533</u>	<u>(4,900)</u>	<u>10,518</u>	<u>15,418</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	10,000	10,000	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,100)</u>	<u>(5,100)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,900</u>	<u>4,900</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 2,055</u>	<u>17,588</u>	<u>\$ 15,533</u>	<u>\$ -</u>	<u>15,418</u>	<u>\$ 15,418</u>
FUND BALANCES - BEGINNING OF YEAR		<u>2,321</u>			<u>17,119</u>	
FUND BALANCES - END OF YEAR		<u>\$ 19,909</u>			<u>\$32,537</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, 2014

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,336,030	\$ 1,336,030	\$ -
Intergovernmental	47,080	9,883	(37,197)
Investment income	1,000	831	(169)
Total Revenues	1,384,110	1,346,744	(37,366)
EXPENDITURES			
Debt Service			
Principal retirement	1,948,064	5,583,064	(3,635,000)
Interest and fiscal charges	1,024,329	949,270	75,059
Total Expenditures	2,972,393	6,532,334	(3,559,941)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,588,283)	(5,185,590)	(3,597,307)
OTHER FINANCING SOURCES (USES)			
Payment to refunded bond escrow	-	-	-
Transfers in	1,588,283	1,517,946	(70,337)
Total Other Financing Sources (Uses)	1,588,283	1,517,946	(70,337)
Net Change in Fund Balance	\$ -	(3,667,644)	\$ (3,667,644)
FUND BALANCES - BEGINNING OF YEAR		3,705,261	
FUND BALANCE - END OF YEAR		\$ 37,617	

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2014

(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
REVENUES						
Taxes	\$ 539,960	\$ 539,960	\$ -	\$ -	\$ 81,243	\$ 81,243
Intergovernmental	631,605	861,326	229,721	23,100	36,886	13,786
Charges for services	-	196,663	196,663	-	-	-
Investment income	-	1,073	1,073	13,092	28,435	15,343
Other Income	-	41,500	41,500	-	5,034	5,034
Total Revenues	<u>1,171,565</u>	<u>1,640,522</u>	<u>427,457</u>	<u>36,192</u>	<u>151,598</u>	<u>110,372</u>
EXPENDITURES						
Current						
Conservation and development	-	-	-	251,951	278,851	(26,900)
Capital Outlay	5,955,235	3,403,794	2,551,441	-	-	-
Debt Service						
Principal retirement	-	76,781	(76,781)	-	-	-
Interest and fiscal charges	-	-	-	-	570	(570)
Bond issuance costs	-	47,329	(47,329)	-	-	-
Total Expenditures	<u>5,955,235</u>	<u>3,527,904</u>	<u>2,427,331</u>	<u>251,951</u>	<u>279,421</u>	<u>(27,470)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,783,670)</u>	<u>(1,887,382)</u>	<u>2,854,788</u>	<u>(215,759)</u>	<u>(127,823)</u>	<u>82,902</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of capital assets	-	5,375	5,375	-	-	-
General obligation debt issued	4,581,794	3,660,000	(921,794)	-	-	-
Premium on bonds issued	-	49,052	49,052	-	-	-
Transfers in	78,855	33,000	(45,855)	-	-	-
Transfers out	-	(1,485,977)	(1,485,977)	(1,259,337)	(1,178,989)	80,348
Total Other Financing Sources (Uses)	<u>4,660,649</u>	<u>2,261,450</u>	<u>(2,399,199)</u>	<u>(1,259,337)</u>	<u>(1,178,989)</u>	<u>80,348</u>
Net Change in Fund Balances	<u>\$ (123,021)</u>	<u>374,068</u>	<u>\$ 455,589</u>	<u>\$(1,475,096)</u>	<u>(1,306,812)</u>	<u>\$ 163,250</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>565,929</u>			<u>2,869,299</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 939,997</u>			<u>\$ 1,562,487</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, 2014

(continued)

	TID No. 3			TID No. 4		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 244,766	\$ 244,766
Intergovernmental	18,600	8,320	(10,280)	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	-	-	-	104,412	104,429	17
Other revenues	-	-	-	-	-	-
Total Revenues	<u>18,600</u>	<u>8,320</u>	<u>(10,280)</u>	<u>104,412</u>	<u>349,195</u>	<u>244,783</u>
EXPENDITURES						
Current						
Conservation and development	650	236,921	(236,271)	6,722	2,412,446	(2,405,724)
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Bond issuance costs	-	5,302	(5,302)	-	-	-
Total Expenditures	<u>650</u>	<u>242,223</u>	<u>(241,573)</u>	<u>6,722</u>	<u>2,412,446</u>	<u>(2,405,724)</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>17,950</u>	<u>(233,903)</u>	<u>(251,853)</u>	<u>97,690</u>	<u>(2,063,251)</u>	<u>(2,160,941)</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	410,000	410,000	-	-	-
Premium on bonds issued	-	20,012	20,012	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(37,202)	(435,027)	(397,825)	(301,744)	(301,744)	-
Total Other Financing Sources (Uses)	<u>(37,202)</u>	<u>(5,015)</u>	<u>32,187</u>	<u>(301,744)</u>	<u>(301,744)</u>	<u>-</u>
Net Change in Fund BalanceS	<u>\$ (19,252)</u>	<u>(238,918)</u>	<u>\$ (219,666)</u>	<u>\$ (204,054)</u>	<u>(2,364,995)</u>	<u>\$ (2,160,941)</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>(232,831)</u>			<u>5,897,685</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ (471,749)</u>			<u>\$ 3,532,690</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, 2014

(concluded)

	TID No. 5		
	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
Other revenues	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Conservation and development	-	228,816	(228,816)
Capital Outlay	-	-	-
Debt Service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Bond issuance costs	-	-	-
Total Expenditures	<u>-</u>	<u>228,816</u>	<u>(228,816)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(228,816)</u>	<u>(228,816)</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	-	-
Premium on bonds issued	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(228,816)</u>	<u>\$ (228,816)</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>-</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ (228,816)</u>	

STATISTICAL

SECTION

VILLAGE OF SHOREWOOD

STATISTICAL SECTION

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.

Contents	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	101-108
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	109-112
Debt Capacity 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.	113-116
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	117-119
Operating Information 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.	120-122

Sources: Unless otherwise noted, the information in these schedules is obtained from the comprehensive annual financial reports for the given year.

VILLAGE OF SHOREWOOD

NET POSITION BY COMPONENT
Last Ten Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in										
capital assets	\$ 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	\$ 10,437,085
Restricted	1,324,076	417,552	473,970	288,443	299,467	282,499	53,585	74,174	3,739,908	74,263
Unrestricted	<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>	<u>(10,297,407)</u>
Total	<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>	<u>213,941</u>
Business-Type Activities										
Net investment in										
capital assets	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	10,832,813
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<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>	<u>(927,021)</u>
Total	<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>	<u>9,905,792</u>
Primary Government										
Net investment in										
capital assets	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	17,989,483
Restricted	1,324,076	417,552	473,970	288,443	299,467	282,499	53,585	74,174	3,739,908	74,263
Unrestricted	<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>(7,418,909)</u>	<u>(7,944,013)</u>
Total	<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>\$ 13,180,755</u>	<u>\$ 10,119,733</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 for 2014 is \$3,280,415, for 2013 was \$1,667,888 and for 2012 was \$1,767,979 which represents the remaining principal balances on these borrowings.

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(continued)

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental Activities:					
General government	\$ 1,622,899	\$ 989,767	\$ 1,139,323	\$ 1,074,631	\$ 1,144,251
Public safety	5,490,221	5,421,782	5,689,439	5,886,599	6,031,982
Public works	386,412	398,251	412,820	429,456	504,886
Health and social services	1,868,372	2,125,794	2,796,785	3,483,305	3,314,720
Culture and recreation	1,013,572	1,334,415	1,419,136	1,958,092	1,184,539
Conservation and development	336,515	698,032	605,611	857,009	1,631,759
Interest and fiscal charges	667,507	710,427	665,079	725,962	712,583
Total Government Activities Expenses	<u>11,385,498</u>	<u>11,678,468</u>	<u>12,728,193</u>	<u>14,415,054</u>	<u>14,524,720</u>
Business-Type Activities:					
Parking	125,749	148,956	155,513	162,030	159,878
Water Utility	934,183	962,936	1,034,205	1,058,469	1,125,213
Sewer Utility	928,452	944,940	1,103,932	1,226,171	1,308,994
Total Business-Type Activities Expenses	<u>1,988,384</u>	<u>2,056,832</u>	<u>2,293,650</u>	<u>2,446,670</u>	<u>2,594,085</u>
Total Primary Government Expenses	<u>13,373,882</u>	<u>13,735,300</u>	<u>15,021,843</u>	<u>16,861,724</u>	<u>17,118,805</u>
Program Revenues					
Governmental Activities:					
Charges for services	1,239,824	1,340,800	1,410,519	1,252,065	1,225,630
Operating grants and contributions	783,530	726,021	868,249	699,950	912,109
Capital grants and contributions	18,492	99,775	26,394	63,496	428,538
Total Governmental Activities Program Revenues	<u>2,041,846</u>	<u>2,166,596</u>	<u>2,305,162</u>	<u>2,015,511</u>	<u>2,566,277</u>
Business-Type Activities:					
Charges for services	2,057,686	2,040,297	2,141,154	2,110,966	2,286,517
Capital grants and contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>2,057,686</u>	<u>2,040,297</u>	<u>2,141,154</u>	<u>2,110,966</u>	<u>2,286,517</u>
Total Primary Government Program Revenues	<u>4,099,532</u>	<u>4,206,893</u>	<u>4,446,316</u>	<u>4,126,477</u>	<u>4,852,794</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(continued)

	Fiscal Year				
	2010	2011	2012	2013	2014
Expenses					
Governmental Activities:					
General government	\$ 1,207,164	\$ 1,176,140	\$ 1,305,008	\$ 1,210,825	\$ 1,540,429
Public safety	6,090,227	6,855,057	6,988,644	7,039,505	7,032,842
Public works	5,489,734	4,146,710	3,422,047	4,134,351	4,122,520
Health and social services	367,852	363,298	299,287	300,698	303,352
Culture and recreation	1,346,194	1,712,091	1,283,662	1,345,701	1,486,916
Conservation and development	2,528,039	2,285,189	1,110,846	2,250,391	3,157,765
Interest and fiscal charges	848,052	884,021	1,367,838	1,078,014	1,037,714
Total Government Activities Expenses	<u>17,877,262</u>	<u>17,422,506</u>	<u>15,777,332</u>	<u>17,359,485</u>	<u>18,681,538</u>
Business-Type Activities:					
Parking	171,855	214,358	184,432	174,076	164,586
Water Utility	1,179,876	1,287,836	1,390,015	1,330,211	1,599,591
Sewer Utility	1,309,817	1,675,352	1,624,196	1,547,718	1,569,920
Total Business-Type Activities Expenses	<u>2,661,548</u>	<u>3,177,546</u>	<u>3,198,643</u>	<u>3,052,005</u>	<u>3,334,097</u>
Total Primary Government Expenses	<u>20,538,810</u>	<u>20,600,052</u>	<u>18,975,975</u>	<u>20,411,490</u>	<u>22,015,635</u>
Program Revenues					
Governmental Activities:					
Charges for services	1,169,641	1,271,890	1,319,962	1,459,202	1,549,691
Operating grants and contributions	996,816	1,089,423	1,025,336	1,030,409	1,122,171
Capital grants and contributions	518,409	1,035,176	200,913	484,729	506,550
Total Governmental Activities Program Revenues	<u>2,684,866</u>	<u>3,396,489</u>	<u>2,546,211</u>	<u>2,974,340</u>	<u>3,178,412</u>
Business-Type Activities:					
Charges for services	2,377,259	2,900,918	3,286,396	3,627,146	3,708,421
Capital grants and contributions	11,886	1,580,988	275,000	-	-
Total Business-Type Activities Program Revenues	<u>2,389,145</u>	<u>4,481,906</u>	<u>3,561,396</u>	<u>3,627,146</u>	<u>3,708,421</u>
Total Primary Government Program Revenues	<u>5,074,011</u>	<u>7,878,395</u>	<u>6,107,607</u>	<u>6,601,486</u>	<u>6,886,833</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(continued)

	Fiscal Year				
	2005	2006	2007	2008	2009
Net (Expense)/Revenue					
Governmental Activities	\$ (9,511,872)	\$ (10,423,031)	\$ (12,399,543)	\$ (11,958,443)	\$ (15,192,396)
Business-Type Activities	(16,535)	(152,496)	(335,704)	(307,568)	(272,403)
Total Primary Government Net Expenses	<u>(9,528,407)</u>	<u>(10,575,527)</u>	<u>(12,735,247)</u>	<u>(12,266,011)</u>	<u>(15,464,799)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes	9,691,175	10,173,907	10,519,010	11,065,709	10,941,896
Intergovernmental revenues not restricted to specific programs	810,990	712,393	704,610	724,684	779,829
Investment income	490,259	632,340	742,490	463,533	93,157
Miscellaneous	187,293	290,332	317,335	243,211	373,436
Transfers	62,268	74,934	78,575	82,702	86,041
Total Governmental Activities	<u>11,241,985</u>	<u>11,883,906</u>	<u>12,362,020</u>	<u>12,579,839</u>	<u>12,274,359</u>
Business-Type Activities:					
Intergovernmental revenues not restricted to specific programs	31,420	-	-	-	-
Investment income	41,296	45,064	61,809	18,270	8,320
Special item	-	-	-	-	-
Transfers	(62,268)	(74,934)	(78,575)	(82,702)	(86,041)
Total Business-Type Activities	<u>10,448</u>	<u>(29,870)</u>	<u>(16,766)</u>	<u>(64,432)</u>	<u>(77,721)</u>
Total Primary Government	<u>11,252,433</u>	<u>11,854,036</u>	<u>12,345,254</u>	<u>12,515,407</u>	<u>12,196,638</u>
Change in Net Position					
Governmental Activities	1,730,113	1,460,875	(37,523)	621,396	(2,918,037)
Business-Type Activities	(6,087)	(182,366)	(352,470)	(372,000)	(350,124)
Total Primary Government	<u>\$ 1,724,026</u>	<u>\$ 1,278,509</u>	<u>\$ (389,993)</u>	<u>\$ 249,396</u>	<u>\$ (3,268,161)</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				
	2010	2011	2012	2013	2014
Net (Expense)/Revenue					
Governmental Activities	\$ (14,026,017)	\$ (13,231,121)	\$ (14,385,145)	\$ (14,385,145)	\$ (15,503,126)
Business-Type Activities	1,304,360	362,753	575,141	575,141	374,324
Total Primary Government Net Expenses	<u>(12,721,657)</u>	<u>(12,868,368)</u>	<u>(13,810,004)</u>	<u>(13,810,004)</u>	<u>(15,128,802)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes	11,074,984	11,526,622	12,122,900	12,061,130	10,956,764
Intergovernmental revenues not restricted to specific programs	669,473	662,114	590,495	495,365	700,965
Investment income	205,858	160,354	246,596	225,305	212,176
Miscellaneous	327,509	299,913	173,987	189,940	182,287
Transfers	(11,298)	(1,126,517)	159,760	145,945	(1,731,036)
Total Governmental Activities	<u>12,266,526</u>	<u>11,522,486</u>	<u>13,293,738</u>	<u>13,117,685</u>	<u>10,321,156</u>
Business-Type Activities:					
Intergovernmental revenues not restricted to specific programs	-	158,800	53,994	30,225	-
Investment income	8,954	11,698	12,227	5,213	15,588
Special item	-	-	(300,000)	-	-
Transfers	11,298	1,126,517	(159,760)	(145,945)	1,731,036
Total Business-Type Activities	<u>20,252</u>	<u>1,297,015</u>	<u>(393,539)</u>	<u>(110,507)</u>	<u>1,746,624</u>
Total Primary Government	<u>12,286,778</u>	<u>12,819,501</u>	<u>12,900,199</u>	<u>13,007,178</u>	<u>12,067,780</u>
Change in Net Position					
Governmental Activities	(1,759,491)	(1,708,635)	(1,091,407)	(1,267,460)	(5,181,970)
Business-Type Activities	1,324,612	1,659,768	181,602	464,634	2,120,948
Total Primary Government	<u>\$ (434,879)</u>	<u>\$ (48,867)</u>	<u>\$ (909,805)</u>	<u>\$ (802,826)</u>	<u>\$ (3,061,022)</u>

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

Total property taxes decreased in 2014 due to the suppression of TID No. 1 equalized value as part of the State of Wisconsin's ongoing correction process relating to the 2011 assessment reporting error of the TID No. 1 assessed values. In 2012 and 2013 the Village took special mitigating action to offset the impact of these adjustments, but these measures were not available in 2014.

VILLAGE OF SHOREWOOD

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 944,491	\$ 378,625	\$ 440,899	\$ 433,618	\$ 2,166,874	\$ 1,340,238	\$ -	\$ -	\$ -	\$ -
Unreserved	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	1,802,801
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	124,410	118,264	115,768	10,846
Assigned	-	-	-	-	-	-	441,399	444,898	372,554	199,907
Unassigned	-	-	-	-	-	-	3,745,364	3,002,031	3,967,631	4,267,073
Total General Fund	<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>	<u>6,280,627</u>
All Other Governmental Funds										
Reserved	2,423,905	1,379,544	1,389,895	1,228,012	1,247,724	1,715,451	-	-	-	-
Unreserved, reported in:										
Special revenue funds	335,826	516,894	593,378	576,808	828,547	616,708	-	-	-	-
Capital projects funds	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	29,657
Restricted	-	-	-	-	-	-	2,964,160	13,477,045	8,610,058	5,473,327
Committed	-	-	-	-	-	-	10,201	12,551	30,527	117,643
Assigned	-	-	-	-	-	-	456,486	417,810	692,566	654,489
Unassigned (deficit)	-	-	-	-	-	-	(495,902)	(163,238)	(232,831)	(700,565)
Total	<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>	<u>5,574,551</u>
Total Fund Balances	<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>	<u>\$11,855,178</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.

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VILLAGE OF SHOREWOOD

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

(continued)

	Fiscal Year				
	2005	2006	2007	2008	2009
Revenues					
Taxes	\$ 9,691,174	\$ 10,188,414	\$ 10,519,010	\$ 11,065,709	\$ 10,941,896
Intergovernmental revenue	1,650,823	1,641,700	1,620,241	1,577,672	1,859,463
Regulation and compliance	973,148	1,031,562	1,071,156	989,596	1,064,019
Fines	-	-	-	-	-
Charges for services	265,336	266,611	286,600	291,119	258,983
Special assessments	29,791	43,965	59,075	36,255	46,324
Investment income	490,256	632,220	742,491	463,532	93,155
Other revenues	201,291	169,254	238,288	216,079	432,380
Total Revenues	<u>13,301,819</u>	<u>13,973,726</u>	<u>14,536,861</u>	<u>14,639,962</u>	<u>14,696,220</u>
Expenditures					
Current					
General government	1,674,111	1,338,953	1,386,829	1,388,318	1,050,805
Public safety	5,253,464	5,426,565	5,635,635	5,727,558	5,872,096
Public works	1,730,542	1,654,596	1,848,499	2,005,840	1,882,244
Health and social services	372,783	450,327	424,026	458,895	529,898
Culture and recreation	857,392	897,602	1,076,822	1,085,955	1,254,578
Conservation and development	99,185	119,366	208,479	364,120	1,631,759
Capital Outlay	1,651,450	2,255,272	3,277,009	4,742,289	1,345,103
Debt Service					
Principal	6,375,504	1,090,869	1,317,997	2,975,419	1,089,495
Interest and fiscal charges	610,394	686,920	674,655	867,219	702,064
Total Expenditures	<u>18,624,825</u>	<u>13,920,470</u>	<u>15,849,951</u>	<u>19,615,613</u>	<u>15,358,042</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(5,323,006)	53,256	(1,313,090)	(4,975,651)	(661,822)
Other Financing Sources (Uses)					
Transfers in	7,054,068	1,742,323	1,903,119	3,046,071	1,509,498
Transfers out	(6,991,800)	(1,667,389)	(1,824,544)	(2,963,369)	(1,423,457)
General obligation debt issued	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	12,048	17,116	40,122	21,139	-
Total Other Financing Sources (Uses)	<u>4,811,851</u>	<u>1,012,050</u>	<u>118,697</u>	<u>5,363,841</u>	<u>86,041</u>
Net Change in Fund Balances	<u>\$ (511,155)</u>	<u>\$ 1,065,306</u>	<u>\$ (1,194,393)</u>	<u>\$ 388,190</u>	<u>\$ (575,781)</u>
Debt Service as a percentage of noncapital expenditures	39.84%	14.20%	15.27%	24.03%	12.41%

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

VILLAGE OF SHOREWOOD

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

(concluded)

	Fiscal Year				
	2010	2011	2012	2013	2014
Revenues					
Taxes	\$ 11,074,984	\$ 11,526,622	\$ 12,122,900	\$ 12,061,129	\$ 10,956,762
Intergovernmental revenue	1,784,758	1,819,587	1,738,798	1,459,011	2,142,252
Regulation and compliance	964,736	984,511	575,283	512,054	550,610
Fines	-	-	518,088	481,800	459,720
Charges for services	405,484	461,831	455,532	710,439	717,431
Special assessments	59,798	-	-	-	-
Investment income	191,674	154,326	258,836	225,409	209,163
Other revenues	261,624	173,457	289,235	261,956	335,638
Total Revenues	<u>14,743,058</u>	<u>15,120,334</u>	<u>15,958,672</u>	<u>15,711,798</u>	<u>15,371,576</u>
Expenditures					
Current					
General government	1,075,355	1,017,937	1,187,425	1,098,506	1,395,216
Public safety	6,155,896	6,654,552	6,659,581	6,696,353	6,697,663
Public works	1,877,680	1,998,131	1,872,165	2,012,248	2,105,901
Health and social services	381,643	378,314	322,481	305,189	309,231
Culture and recreation	1,401,219	1,216,690	1,078,581	1,155,021	1,259,898
Conservation and development	2,528,039	2,281,372	1,107,020	2,246,565	3,153,342
Capital Outlay	3,984,888	5,301,464	3,782,267	2,045,445	3,449,689
Debt Service					
Principal	1,183,677	1,283,566	1,620,382	1,951,186	5,659,845
Interest and fiscal charges	1,014,068	962,548	1,254,978	1,148,822	1,002,471
Total Expenditures	<u>19,602,465</u>	<u>21,094,574</u>	<u>18,884,880</u>	<u>18,659,335</u>	<u>25,033,256</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(4,859,407)	(5,974,240)	(2,926,208)	(2,947,537)	(9,661,680)
Other Financing Sources (Uses)					
Transfers in	1,426,370	1,335,181	1,548,631	7,691,962	1,774,524
Transfers out	(1,329,204)	(1,237,860)	(1,414,800)	(7,546,017)	(3,505,560)
General obligation debt issued	8,461,554	6,390,000	12,220,000	5,290,000	4,070,000
Premium on bonds issued	-	113,680	120,998	197,040	69,064
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	5,375
Total Other Financing Sources (Uses)	<u>7,149,909</u>	<u>4,176,828</u>	<u>12,516,718</u>	<u>3,850,347</u>	<u>2,413,403</u>
Net Change in Fund Balances	<u>\$ 2,290,502</u>	<u>\$ (1,797,412)</u>	<u>\$ 9,590,510</u>	<u>\$ 902,810</u>	<u>\$ (7,248,277)</u>
Debt Service as a percentage					
of noncapital expenditures	11.92%	11.97%	17.46%	17.33%	29.49%

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

VILLAGE OF SHOREWOOD

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY For Valuation Years 2005 to 2014

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
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%
2014	2015	1,240,487,400	251,441,200	-	9,698,500	1,501,627,100	7.24	1,431,921,200	104.87%

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 2014 values which are used for revenue collected in 2015 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	2005 2006	2006 2007	2007 2008	2008 2009	2009 2010	2010 2011	2011 2012	2012 2013	2013 2014	2014 2015
Direct Rates										
General Fund	\$ 7.11	\$ 7.07	\$ 4.69	\$ 4.90	\$ 5.03	\$ 5.18	\$ 4.31	\$ 6.39	\$ 5.28	\$ 5.33
Debt Service Fund	0.80	0.87	0.60	0.73	0.76	0.76	0.85	0.68	0.90	1.01
Capital Projects Fund	0.18	0.30	0.33	0.19	0.21	0.27	0.20	0.17	0.36	0.27
Library Fund	0.71	0.72	0.51	0.51	0.52	0.53	0.53	0.53	0.54	0.54
Senior Services	0.05	0.06	0.05	0.05	0.06	0.05	0.06	0.06	0.07	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	0.03
Total Direct Rate	<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>	<u>7.25</u>
Overlapping Rates										
Shorewood School District	14.45	15.50	11.07	11.33	11.83	12.22	12.29	12.19	12.44	12.67
Whitefish Bay School	-	-	-	-	-	0.00	0.00	0.00	0.00	0.00
State School Levy Credit	(2.49)	(2.73)	(2.01)	(2.01)	(1.97)	(1.96)	(1.96)	(1.97)	(1.96)	(1.94)
Milwaukee Area Technical College	2.54	2.49	1.69	1.76	1.88	1.79	1.71	1.86	1.91	1.16
Milwaukee County	5.74	5.53	3.71	3.80	4.08	4.16	4.14	4.43	4.61	4.65
Milwaukee Metropolitan Sewerage District	1.91	1.83	1.22	1.24	1.30	1.35	1.33	1.43	1.53	1.57
State Of Wisconsin	0.26	0.26	0.17	0.17	0.17	0.16	0.16	0.15	0.15	0.16
TID's	1.51	1.60	1.22	0.89	0.80	0.91	2.18	0.05	0.03	1.22
Effective Rate	<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>	<u>\$ 26.75</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

2005					2014				
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	1.01%
River Park Development	Commercial	12,150,750	2	1.26%	Eastmore Real Estate/Sobczak LLC	Commercial	12,712,500	2	0.85%
Oakland Ave Property LP	Commercial	6,384,300	3	0.66%	Katz Properties	Commercial	12,053,100	3	0.80%
Fountainview	Commercial	6,023,450	4	0.63%	River Park Development	Commercial	11,046,000	4	0.74%
GG 3939 LLC	Apartments	3,377,980	5	0.35%	Fountain View	Apartments	8,100,000	5	0.54%
Montrose Apt	Apartments	3,080,660	6	0.32%	Exchequer LLC	Commercial/Mix	7,500,000	6	0.50%
Robinson Family	Apartments	2,950,000	7	0.31%	Oakland Ave Properties LP	Commercial	6,018,200	7	0.40%
North Shore Apts	Apartments	2,887,890	8	0.30%	Blankstein Enterprises	Commercial	6,008,900	8	0.40%
Greenbrier	Apartments	2,809,350	9	0.29%	Shoreline Properties	Commercial	5,936,100	9	0.40%
New World (Witi)	Commercial	2,749,350	10	0.29%	Wisconsin Robinson Family	Commercial	4,529,300	10	0.30%
Total		<u>\$ 54,763,340</u>		<u>5.68%</u>	Total		<u>\$ 89,104,100</u>		<u>5.93%</u>

Based on total Assessed Value as of January 1,
 2005 \$ 963,616,240
 2014 \$ 1,501,627,100

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
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%	175	9,637,481	99.92%
2012	2013	12,061,129	10,587	12,050,542	99.91%	2,263	12,052,805	99.93%
2013	2014	10,776,128	3,830	10,772,298	99.96%	-	10,772,298	99.96%
2014	2015	12,708,645	4,903,449	7,805,196	61.42%	-	7,805,196.00	61.42%

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.

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	General Obligation Bonds/Notes	General Obligation Bonds/Notes	General Obligation Bonds/Notes			
2005	\$ 16,137,640	\$ 288,263	\$ 16,425,903		0.00%	\$ 1,229.48	
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		9.75%	3,453.60	
2014	35,033,656	10,410,687	45,444,343		N/A	3,447.19	

(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

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
2005	\$ 16,425,903	\$ 1,201,993	\$ 15,223,910	\$ 1,386,844,700	1.10%	13,360	\$ 1,139.51
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
2014	45,444,343	26,313	45,418,030	1,431,921,200	3.17%	13,183	3,445.20

VILLAGE OF SHOREWOOD

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Year	Total Taxable Equalized Value	General Obligation Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Net Debt as a % of Limit
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%
2014	1,431,921,200	71,596,060	45,444,343	26,151,717	63.47%

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
As of December 31, 2014

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village of Shorewood	\$ 35,033,656	100%	\$ 35,033,656
Milwaukee Area Technical College	90,620,000	2.039%	1,848,014
Milwaukee County	721,728,545	2.458%	17,740,809
Shorewood School District	19,860,000	100.0%	19,860,000
Whitefish Bay School District	15,860,000	0.166%	26,280
Milwaukee Metropolitan Sewage District	972,948,617	2.556%	24,864,675
Total Overlapping	<u>1,821,017,162</u>		<u>64,339,778</u>
Total Direct and Overlapping Debt	<u>\$ 1,856,050,818</u>		<u>\$ 99,373,434</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
2005	13,360	\$ -	\$ -	\$ -	\$ -	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	466,673,290	35,424	11,884	26,963	7.90%	6.30%
2014	13,183	-	-	-	-	6.50%	5.20%

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) 2014 Adjusted Gross Income is not yet available.

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VILLAGE OF SHOREWOOD

PRINCIPAL EMPLOYERS
 Nine Years Ago and Current Year

(continued)

Employer	Type of Business	2014		
		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		0.07%
Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave.				843,400

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	2005		
		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.				844,700

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Village Employees (1)										
General Government										
Village manager	2.80	2.80	3.75	1.50	1.50	1.50	1.80	2.00	2.00	2.00
Customer service	-	-	-	3.00	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	2.00
Clerk/Treasurer	4.77	4.86	4.86	1.50	1.50	2.00	2.00	2.00	2.00	2.00
Planning and development	3.50	2.50	2.50	4.50	4.50	4.50	5.50	5.00	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	32.50	32.00	32.00	32.00	32.00	32.00	31.90	31.90	31.80	31.80
Health (2)	2.59	2.59	2.59	2.59	2.59	2.59	2.81	-	-	-
Public works	22.53	22.49	22.49	22.39	22.39	22.39	22.39	21.85	21.85	21.85
Culture and Recreation										
Library	11.25	11.50	11.50	11.50	11.50	11.50	13.46	13.46	13.25	13.25
Senior resource center	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	1.10	1.10
Total	<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>	<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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	4,676,027
Streets (miles length)	-	-	-	-	-	-	28.04	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	291	308	310	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	268,763

VILLAGE OF SHOREWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Building permits issued	557	690	656	677	655	682	663	606	671	818
Valuation of building permits	\$ 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	\$ 26,000,000
Public Safety - Police										
Homicides	-	-	-	-	-	-	-	-	1	-
Forcible rape	4	1	1	4	4	3	1	-	2	-
Robbery	16	17	15	9	5	9	3	12	14	19
Assault	16	19	22	25	16	23	18	21	23	13
Total crimes against persons	36	37	38	38	25	35	22	33	40	32
Burglary	36	50	50	53	43	31	19	28	31	37
Theft	313	308	350	358	405	363	309	332	323	223
Motor vehicle thefts	17	20	20	16	14	8	7	14	23	17
Total crimes against property	366	378	420	427	462	402	335	374	377	277
Total Crimes Reported	402	415	458	465	487	437	357	407	417	309
DPW										
Tons of refuse	-	-	-	-	-	-	2,721	2,455	2,535	2,655
Tons of recycling	-	-	-	-	-	-	149	955	1,276	1,190
Library										
Visitors to the library	240,146	239,433	229,444	233,294	248,358	209,689	185,258	187,202	203,373	207,196
Items checked out	319,525	313,757	313,007	319,797	364,285	361,381	359,768	350,603	356,862	365,777
Registered borrowers	10,242	11,000	11,607	12,020	9,323	9,197	9,083	9,191	10,068	10,949
Program attendance (2)	4,085	3,627	3,593	5,859	7,687	9,139	7,318	8,053	7,040	5,472
Reference questions	20,579	17,511	17,285	16,236	17,384	20,632	19,841	16,310	13,158	13,004
Items added	7,618	6,943	11,121	7,443	6,741	6,697	8,134	7,477	7,241	7,268
Items owned	66,629	71,640	76,549	81,537	81,503	81,966	85,076	159,357	166,499	257,293
Computer users	-	44,004	44,747	45,329	46,142	48,473	46,924	46,337	44,966	39,128
Electronic Media uses	-	1,324	1,736	1,817	3,924	4,932	4,376	6,475	5,220	8,112
Water Utility										
Meters in service	3,544	3,544	3,541	3,538	3,538	3,538	3,535	3,535	3,522	3,534
Gallons sold	397,316	368,425	377,109	364,543	405,882	341,764	356,767	367,313	342,671	328,604

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

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