

Village of Shorewood, Wisconsin

Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2015



VILLAGE OF SHOREWOOD

Shorewood, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditor's Report

As of and For the Year Ended

December 31, 2015

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 10, 2016

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, 2015, 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, 2015. 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. 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 82% residential and 18% 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 2015 the village saw the completion of the Harbor Chase project, a new 4 story 60 unit assisted living and 35 unit memory care facility located just south of Capitol Drive on the Milwaukee River. In 2015, construction also began on 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. This project should be completed by the fall of 2016.

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 2014 the Village undertook a visioning plan to update its 2006 and 2009 plans. 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.

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 been able to both achieve its infrastructure and other capital related objectives, and 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, 2014. This was the fourth consecutive year that the government has achieved this prestigious award. 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, 2015. 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

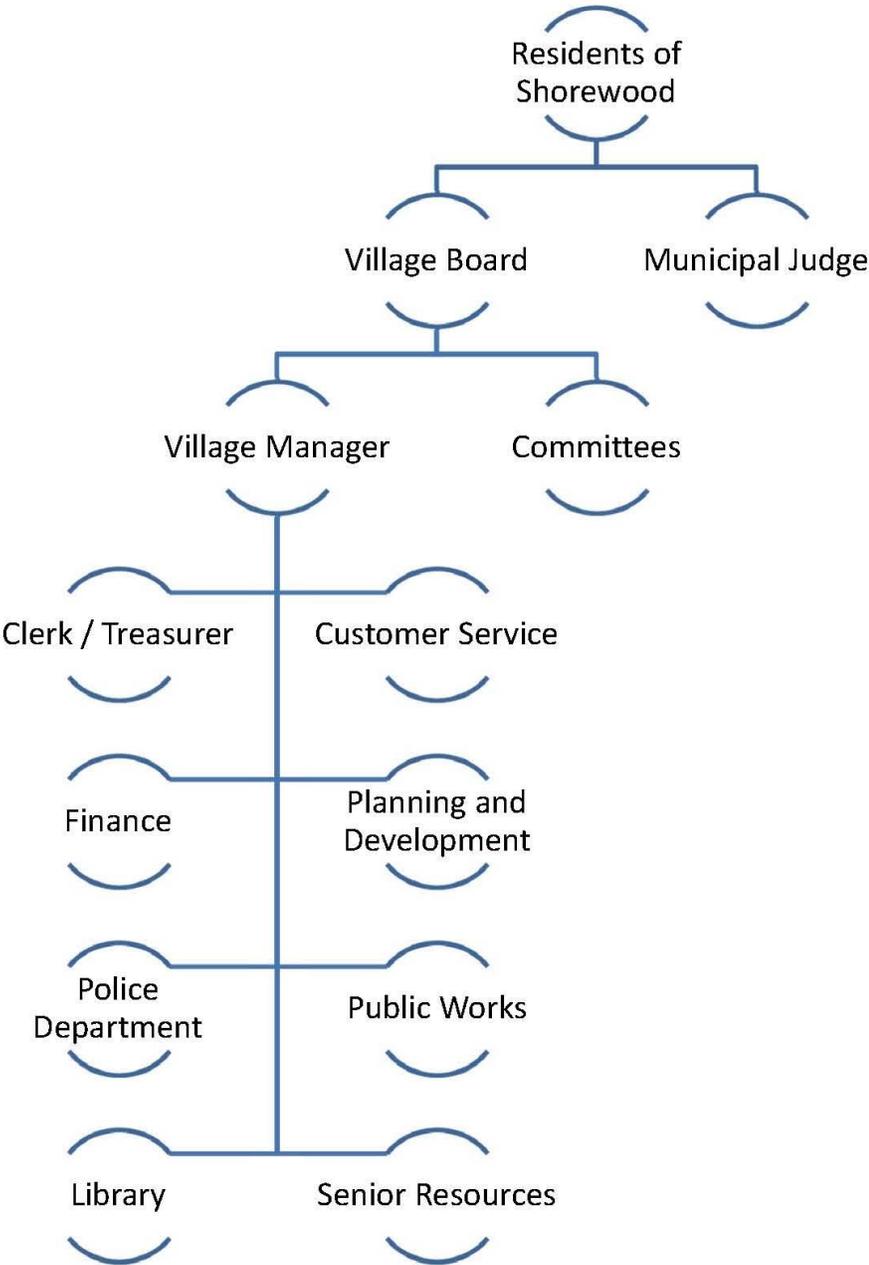
**Village of Shorewood
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

Village of Shorewood, Wisconsin Organizational Chart



Members of the Village Board

Guy Johnson	Village President
Dauida Amenta	Village Trustee
Tammy Bockhorst	Village Trustee
Patrick Linnane	Village Trustee
Michael Maher	Village Trustee
Ann McKaig	Village Trustee
Paul Zovic	Village Trustee

Administrators

M. Chris Swartz	Village Manager
Tyler Burkart	Assistant Village Manager
Tanya O'Malley	Village Clerk/Treasurer
Diane DeWindt-Hall	Customer Service Director / Deputy Clerk
Mark Emanuelson	Finance Director / Deputy Treasurer
Ericka Lang	Planning and Zoning Administrator
Leeann Butschlick	Director of Public Works
Joel Kolste	Assistant Public Works Director
Peter Nimmer	Chief of Police
Kevin Carini	Deputy Police Chief
Emily Passey	Acting Director of Public Library

FINANCIAL
SECTION



13400 Bishops Lane, Suite 300
Brookfield, Wisconsin 53005

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, 2015, 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, 2015, 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.

Changes in Accounting Principles

The Village adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68* which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources, and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information. The adoption of Statements No. 68 and 71 resulted in a prior period adjustment which is discussed in Note IV. B. Our opinion is not modified with respect to this matter.

The Village also adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. The statement modifies certain disclosures in Note III. A to the financial statements. Our opinion is not modified with respect to this matter.

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.

Naperville, Illinois
May 10, 2016

A handwritten signature in dark ink, appearing to read "Sipich LLP".

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Year Ended December 31, 2015
(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

- In 2015, the Village issued \$8.05 million in non-capital development related general obligation debt. Of the total issued, \$6.19 million was used primarily to fund site acquisition costs within the TID No.5 project area. The remaining \$1.86 million will be used for an economic development grant and the Milwaukee River bluff restoration costs within the TID No.3 project area.
- The overall assets of the Village of Shorewood exceeded its liabilities as of December 31, 2015, by \$8,231,430 (*net position*). However, due to significant non-capital related debt, the village's unrestricted net position is (\$14,886,686). This is due primarily to the difference between current assets and the long-term non-capital debt outstanding. The village currently has \$29,563,091 in non-capital debt outstanding at year end.
- As of December 31, 2015 the Village of Shorewood's governmental funds reported combined ending fund balances of \$13,432,801 an increase of \$1,577,623, or 13.3% from the prior year. Approximately 39.2% of this total, or \$5,264,313, is available for spending at the government's discretion (*committed, assigned, and unassigned fund balance*).
- The total General Fund unassigned balance at year end was \$4,310,950, or approximately 40.4% of 2015 general fund revenues.

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. 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 27-29).

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 2015 and 2014.

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 28,626,370	\$ 31,484,437	\$ 534,160	\$ 945,234	\$ 29,160,530	\$ 32,429,671
Capital assets	24,395,852	25,489,669	20,637,242	20,465,624	45,033,094	45,955,293
Total assets	<u>53,022,222</u>	<u>56,974,106</u>	<u>21,171,402</u>	<u>21,410,858</u>	<u>74,193,624</u>	<u>78,384,964</u>
Deferred outflows	1,059,327	112,350	99,252	-	1,158,579	112,350
Long-term debt	42,119,231	36,732,221	9,788,456	10,515,521	51,907,687	47,247,742
Other liabilities	1,174,598	5,291,632	236,609	347,170	1,411,207	5,638,802
Total liabilities	<u>43,293,829</u>	<u>42,023,853</u>	<u>10,025,065</u>	<u>10,862,691</u>	<u>53,318,894</u>	<u>52,886,544</u>
Deferred inflows	13,404,765	12,708,645	-	-	13,404,765	12,708,645
Net investment in capital assets	12,984,428	10,437,085	11,245,606	10,832,814	21,063,832	17,989,484
Restricted	2,019,443	62,959	192,889	-	2,212,332	62,959
Unrestricted (deficit)	<u>(17,620,916)</u>	<u>(9,997,170)</u>	<u>(192,906)</u>	<u>(474,522)</u>	<u>(14,647,620)</u>	<u>(5,150,318)</u>
Net position	<u>\$ (2,617,045)</u>	<u>\$ 2,353,958</u>	<u>\$11,245,589</u>	<u>\$10,548,167</u>	<u>\$ 8,628,544</u>	<u>\$ 12,902,125</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 \$2.85 million. This decrease was largely due to a net spend down of TID debt proceeds in 2015.

Deferred outflows are related to the WRS net pension assets, and the losses on the advance refunding's done in 2011 and 2013, which will continue to be amortized through 2021.

Long Term Debt increased by \$5.3 million in 2015. This is the net impact of the new 2015 debt issued less the 2015 debt service principal payments.

Other liabilities include accounts payable, accrued payroll, and other accrued liabilities. These decreased \$4.1 million from the previous year. In 2015 the Village paid \$4.0 million of previously accrued liabilities in the TID No. 4 fund relating to a developer grant.

Deferred inflows represent unearned revenue for taxes levied in December 2015. These taxes represent revenue for the 2016 fiscal year and are not considered to be revenue in 2015.

The net investment in capital assets represents the Village's equity in its capital assets which was 53.2% of the historical cost of assets. This can be thought of as the Village's ownership in those capital assets. This percentage increased from 40.9% in 2014 due to a more outstanding debt principal payments were made in 2015 than the assets were depreciated.

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

Business-Type Activities – Statement of Net Position

Business-type activities current and other assets consist mainly of cash, accounts receivable and internal balances. These assets decreased by \$411,074 in 2015 due to primarily to a change in billing procedures which reduced the outstanding accounts receivables at year end.

Deferred outflows are related to WRS net pension assets now recorded under GASB 68.

Long term debt decreased by \$727,065 in 2015 through 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 an \$110,561 decrease in accounts payable and other liabilities in 2015 compared to 2014.

The net investment in capital assets represents the Village's equity in its capital assets which was 54.5% 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 52.9% in 2014 due to a more outstanding debt principal payments were made in 2015 than the assets were depreciated. The total net investments in capital assets for business-type activities increased by \$412,792 in 2015.

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 2015 and 2014.

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 1,465,825	\$ 742,916	\$ 4,200,498	\$ 3,708,421	\$ 5,666,323	\$ 4,451,337
Operating grants & contributions	1,151,164	1,148,493	-	-	1,151,164	1,148,493
Capital grants & contributions	471,375	309,887	-	-	471,375	309,887
General revenues						
Property taxes	12,708,645	10,956,764	-	-	12,708,645	10,956,764
Other revenues	1,047,780	2,072,544	21,936	15,588	1,069,716	2,088,132
Total revenues	<u>16,844,789</u>	<u>15,230,604</u>	<u>4,222,434</u>	<u>3,724,009</u>	<u>21,067,223</u>	<u>18,954,613</u>
Expenses						
General government	1,359,479	1,311,613	-	-	1,359,479	1,311,613
Public safety	7,074,189	6,743,909	-	-	7,074,189	6,743,909
Public works	4,301,872	4,122,520	-	-	4,301,872	4,122,520
Health and social services	308,447	303,352	-	-	308,447	303,352
Culture & recreation	1,602,289	1,486,916	-	-	1,602,289	1,486,916
Conservation & development	6,111,937	3,386,581	-	-	6,111,937	3,386,581
Interest on long-term debt	1,225,924	1,037,714	-	-	1,225,924	1,037,714
Parking	-	-	199,908	164,586	199,908	164,586
Water	-	-	1,582,051	1,599,591	1,582,051	1,599,591
Sewer	-	-	1,574,708	1,569,920	1,574,708	1,569,920
Total expenses	<u>21,984,137</u>	<u>18,392,605</u>	<u>3,356,667</u>	<u>3,334,097</u>	<u>25,340,804</u>	<u>21,726,702</u>
Change in Net Position						
Before Transfers	(5,139,348)	(3,162,001)	865,767	389,912	(4,273,581)	(2,772,089)
Transfers	168,345	(1,731,036)	(168,345)	1,731,036	-	-
Total Change in Net Position	(4,971,003)	(4,893,037)	697,422	2,120,948	(4,273,581)	(2,772,089)
Net position, Jan 1	2,353,958	7,246,995	10,548,167	8,237,344	12,902,125	15,484,339
Net position, Dec 31	<u>\$ (2,617,045)</u>	<u>\$ 2,353,958</u>	<u>\$ 11,245,589</u>	<u>\$ 10,548,167</u>	<u>\$ 8,628,544</u>	<u>\$ 12,712,250</u>

Significant Changes in Governmental Activities

Overall, the Village's governmental activities decreased net position by \$5,331,173 in 2015. This decrease was due to primarily to spending prior year debt proceeds of \$5.5 million in TID No.5 for site acquisition costs.

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 2015 and 2014 and significant changes are discussed below the table.

Revenues	Governmental activities			
	2015	2014	Chg	% chg
Program revenues				
Charges for services	\$ 1,465,825	\$ 742,916	\$ 722,909	97.3%
Operating grants	1,151,164	1,148,493	2,671	0.2%
Capital grants	471,375	309,887	161,488	52.1%
General revenues				
Property taxes	12,708,645	10,956,764	1,751,881	16.0%
Other revenues	<u>1,047,780</u>	<u>2,072,544</u>	<u>(1,024,764)</u>	<u>-49.4%</u>
Total revenues	<u>\$ 16,844,789</u>	<u>\$ 15,230,604</u>	<u>\$ 1,614,185</u>	<u>10.6%</u>

Charges for services increased by \$722,909 in 2015. The major source for this change was a reclassification of expenditure category of most public safety items that were previously reported as miscellaneous revenues to charges for services. However there would have been a decrease of \$196,663 due to the one-time charge to Whitefish Bay for reimbursements that occurred in 2014 that did not recur in 2015.

Capital grants and contributions fluctuate annual depending on the capital projects and are typically non-recurring revenues. In 2015 capital grants were received for: MMSD matching reimbursements for sanitary sewer PPII projects, a MMSD grant for Green Inlets, and the special assessments for the sidewalk replacement program, program.

In 2015, property tax revenue increased by approximately \$1.7 million due to significant increases in tax incremental revenues as well as modest annual rate increases. Property taxes account for nearly 75% of total governmental activities revenues in 2015

Other revenues decreased by \$1,024,764 in 2015. The major source for this change was a reclassification of expenditure category of most public safety items that were previously reported as miscellaneous revenues to charges for services.

Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes costs of general village administration. 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 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 2015 and 2014 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	2015	2014	Chg	% chg
General government	\$ 1,359,479	\$ 1,311,613	\$ 47,866	3.6%
Public safety	7,074,189	6,743,909	330,280	4.9%
Public works	4,301,872	4,122,520	179,352	4.4%
Health and social services	308,447	303,352	5,095	1.7%
Culture & recreation	1,602,289	1,486,916	115,373	7.8%
Conservation & development	6,111,937	3,386,581	2,725,356	80.5%
Interest on long-term debt	<u>1,225,924</u>	<u>1,037,714</u>	<u>188,210</u>	<u>18.1%</u>
Total Expenses	<u>\$ 21,984,137</u>	<u>\$ 18,392,605</u>	<u>\$ 3,591,532</u>	<u>19.5%</u>

Public Safety: As a result of implementing GASB 68, a charge of \$208,644 was applied to this service area in 2015 related to changes in the village’s WRS net pension assets, and a prior period adjustment of \$223,023 related to pension liabilities was also applied to 2014. There was also an \$80,000 increase in the hydrant rental fees for public fire protection in 2015.

Public Works: The increase in expenditures from 2015 compared to 2014 is due to an increase in capital outlay of \$185,700 for public works in 2015. As a result of implementing GASB 68, a charge of \$63,491 was applied to this service area in 2015 related to changes in the village’s WRS net pension assets.

Culture & Recreation: In 2015 there were expenditure increases of approximately \$52,000 in the Library Fund, \$17,000 for Public Arts Fund, and an additional \$30,000 in the General Fund for the community bike race compared to 2014.

Conservation and Development: In 2015 there was a \$5.5 million grant for site acquisition costs in TID No.5. This was offset in part by a decrease of \$2.4 million expenditures in TID No.4. Other overall TID expenditures decreased by about \$400,000 in 2015.

Interest on long-term debt: These costs have increased in accordance with the debt servicing structure of the Village’s debt repayment schedules.

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			
	2015	2014	Chg	% Chg
Program revenues				
Parking	\$ 221,107	\$ 215,573	\$ 5,534	2.6%
Water	1,812,651	1,450,261	362,390	25.0%
Sewer	<u>2,166,740</u>	<u>2,042,587</u>	<u>124,153</u>	6.1%
Charges for services	4,200,498	3,708,421	492,077	13.3%
Other revenues	<u>21,936</u>	<u>15,588</u>	<u>6,348</u>	<u>40.7%</u>
Total revenues	<u>\$ 4,222,434</u>	<u>\$ 3,724,009</u>	<u>\$ 498,425</u>	<u>13.4%</u>

Utility charges for services for 2015 reflect the rate increases were put into effect for 2015 services. For the Water Utility, the Public Service Commission approved a 25% overall rate increase to be effective on January 1, 2015. The Village approved a Sewer rate increase of 7% effective November 15, 2014. The primary impact of those rates are now seen in 2015.

Other revenues include investment income and other nominal miscellaneous revenues.

Business-Type Activities – Expenses

The table below compares the Village’s business-type activities’ expenses from 2015 to 2014.

Expenses	Business-type activities			
	2015	2014	Chg	% Chg
Parking	\$ 199,908	\$ 164,586	\$ 35,322	21.5%
Water	1,582,051	1,599,591	(17,540)	-1.1%
Sewer	<u>1,574,708</u>	<u>1,569,920</u>	<u>4,788</u>	<u>0.3%</u>
Total expenses	<u>\$ 3,356,667</u>	<u>\$ 3,334,097</u>	<u>\$ 22,570</u>	<u>0.7%</u>

Parking Utility expenses increased in 2015 as the indirect costs for administrative fees and chargebacks were about \$25,000 more than 2014. In addition, the utility completed \$18,811 of parking lot maintenance and repairs in 2015.

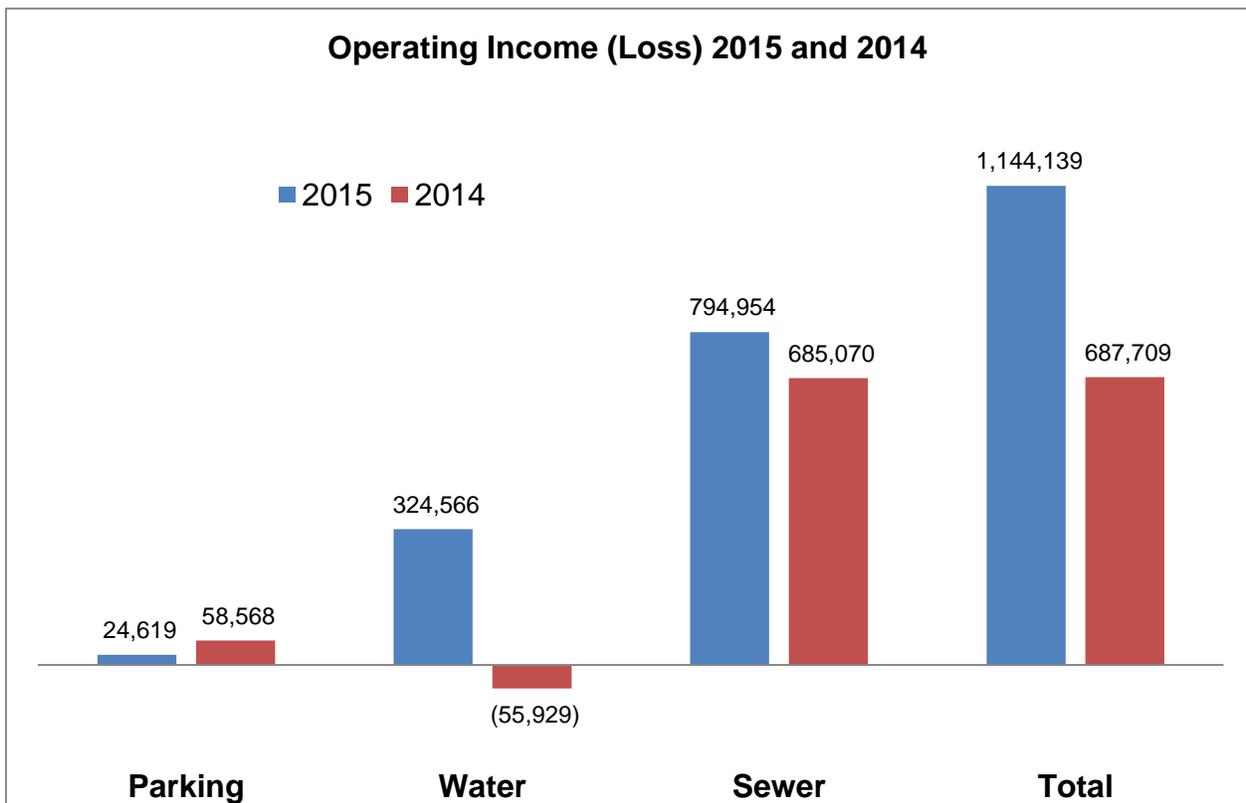
Water Utility expenses include all costs necessary to provide water to the homes and businesses within the Village. Water is purchased from the City of Milwaukee’s Water Utility, Milwaukee Water Works, so internal expenses relate chiefly to maintenance of infrastructure. The Water Utility experienced a slight decrease in the volume of water purchased costs in 2015. All other operating costs remained relatively unchanged overall.

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. Overall, the Sewer Utility operating costs were relatively unchanged in 2015.

In total, business-type activities increased the Village of Shorewood’s net position by \$660,478 in 2015. This is an increase of roughly \$495,000 before transfers from the previous year. Most of this was due to the rate increases that were in effect for 2015.

Business-Type Activities – Operating Income

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 27-35 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 the Tax Incremental Financing Districts 1, 3, 4 and 5 Funds, all of which are considered to be major funds. Data from the other six 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, 2015 the Village of Shorewood's governmental funds reported combined ending fund balances of \$13,432,801 an increase of \$1,577,623, or 13.3% from the prior year. This change is primarily attributable to the \$1.86 million of debt proceeds within the TID No.3 fund that have not yet been disbursed.

Approximately 39.2% of this total, or \$5,264,313, is available for spending at the government's discretion (*committed, assigned, and unassigned fund balance*). The remainder of fund balance is either non-spendable or restricted 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.

The General Fund is the chief operating fund of the Village. At year end, total fund balance in the General Fund was \$6,280,768 of which \$4,310,950 was unassigned. The General Fund unassigned fund balance represents 40.4% of total General Fund revenues. This was an increase of \$43,877 from a total unassigned fund balance of \$4,267,073 or 40.3% in 2014. 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 2015 by \$141.

The Debt service fund balance decreased by \$33,555 in 2015. This decrease was due to the use of previously restricted funds for debt service payments from the 2014 debt issue.

The General Capital Projects Fund had a decrease in fund balance of \$351,737. In 2015 the village spent about \$190,000 of unspent bond proceeds in the Capital Projects Fund from the prior year. The 2015 budget also included the use of \$138,000 of capital reserves in 2015.

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 88-89 of this report. There were no budget amendments completed during the year.

Overall the General Fund excess of revenues over expenditures was \$141 in 2015. Other significant changes between budget and actual results are addressed below:

Revenues and Other Financing Sources

- Licenses and permits exceeded budget by \$38,220. This is due to primarily to a single \$40,000 permit for a major one-time project.
- Fine revenues were under budget by \$183,299. This was due in general to court fines being under budget by nearly \$50,000 and parking related fines being under budget by \$130,000. The police department attributes this outcome as due to staff transitions, staffing coverage issues, and the delayed implementation of a new parking enforcement software program.
- Charges for services were \$24,510 less than budget in 2015. This is most notably due to about \$35,000 less charges to Whitefish Bay for disposal services due to less than anticipated use
- Transfers in for the General fund include payments in lieu of taxes (PILOT) from the water, sewer and parking utilities, and a transfer from the library. Transfers in exceeded budget by \$25,735 as PILOT charges were slightly higher than anticipated.
- Overall actual General Fund revenues and transfers-in were \$129,680 less than budget.

Expenditures and Other Financing Uses

- General Government activities were under budget by \$33,137 in total for 2015. There a most notable budget variation at the department level was in the Clerk's department. The Clerk's department was under budget by \$58,496 primarily due to salary and benefits savings as a result of a vacant position for a portion of 2015.
- Public Safety, the Police department was under budget by \$124,233 which is approximately 3% of the departments budgeted expenditures. This was largely due to savings of \$25,000 in in salary and benefit costs, a \$55,000 savings in service contract fees as the new citation management system had a delayed implementation, and a \$30,000 savings in fuel costs due to lower prices and less consumption than budgeted for in 2015.
- Public Works activities were under budget by \$5,770 in total for 2015. 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. Total salary costs were \$45,000 under budget. Net fuel costs were also \$40,000 under budget due to lower fuel pricing than anticipated in 2015. However, disposal contractual service, net vehicle maintenance costs, and landscaping contracts were all over budget by \$12,000, \$40,000, and \$15,000 respectively.
- Culture and Recreation activities were over budget by approximately \$40,000 in total for 2015. This was due to slightly higher than anticipated parks costs and increased activity in the Celebrations department..
- Conservation and Development, Forestry was under budget by \$18,145. This is due primarily to lower than anticipated staff costs for work completed by this department in 2015.
- Transfers out were \$28,000 as the general fund transferred reserves to the Capital Fund to support certain one-time capital expenditures.
- Overall, expenditures and transfers-out were \$141 under budget in 2015.

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 37-39 of this report.

The net position of the Parking, Water, and Sewer Utilities at the end of the year was \$562,540, \$1,794,737 and \$8,851,368, 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 \$239,710, deficit (\$934,291), and \$448,399 respectively. 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 40 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 42-87 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 2015 and 2014 is summarized below.

Description	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
Land and right of way	\$ 4,491,320	\$ 4,491,320	\$ 233,345	\$ 233,345
Artwork	330,000	330,000	-	-
Construction in progress (CIP)	-	-	137,987	92,438
Machinery and equipment	4,355,291	4,181,130	1,028,964	989,817
Intangibles	87,810	87,810	-	-
Building and improvements	8,730,516	8,669,366	-	-
Infrastructure	<u>27,753,556</u>	<u>27,753,727</u>	<u>23,670,816</u>	<u>23,216,673</u>
Total Capital Assets	<u>45,748,493</u>	<u>45,513,353</u>	<u>25,071,112</u>	<u>24,532,273</u>
Less accumulated depreciation	<u>(21,352,641)</u>	<u>(20,023,684)</u>	<u>(4,433,870)</u>	<u>(4,066,649)</u>
Capital assets, net of depreciation	<u>\$ 24,395,852</u>	<u>\$ 25,489,669</u>	<u>\$ 20,637,242</u>	<u>\$ 20,465,624</u>

Significant projects undertaken during the year include the following:

- In 2015 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 \$118,836. Major items purchased include fork lift and a fleet service truck.
- The Police department purchased two fully equipped squads for \$77,494 to replace existing patrol vehicles and the Planning department purchased an inspectors vehicle for \$17,097
- Other significant additions included:
 - \$100,000 to replace the Atwater Park playground equipment, and
 - \$61,000 for additional park improvements

Additional information on the Village's capital assets can be found in Note III-D on pages 62-63.

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 \$74,886,415 which exceeds the Village's current outstanding general obligation debt of \$50,186,766 by \$24,699,649. This debt is entirely backed by the full faith and credit of the government. At year end the outstanding debt equaled 67% of the Village's state authorized debt limit.

Total general obligation debt for governmental activities increased by \$5,418,850 during the year. The Village issued \$8.05 million in new debt in and made annual debt payments in accordance with the debt repayment schedules totaling \$2.52 million in 2015.

Total debt for business-type activities decreased by \$712,412 during the year as made annual debt payments in accordance with the debt repayment schedules were made in 2015. No new business-type debt was issued in 2015.

The table below summarizes the ending balances for 2015 and 2014.

	Governmental Activities		Business-type Activities	
	2015	2014	2015	2014
General obligation debt	\$ 40,826,273	\$ 35,407,423	\$ 9,698,275	\$ 10,410,687
OPEB	759,142	752,122	41,517	47,801
Compensated absences	475,718	526,743	48,664	57,033
Retiree sick leave	58,098	45,933	-	-
Total	<u>\$ 42,119,231</u>	<u>\$ 37,021,154</u>	<u>\$ 9,788,456</u>	<u>\$ 10,515,521</u>

Additional information on the Village's long term debt can be found in Notes III-F and G on pages 67-70.

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 93 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	2011	2012	2013	2014	2015
City of Milwaukee	9.3%	9.6%	8.7%	6.9%	5.3%
Milwaukee County	7.8%	8.0%	7.9%	6.0%	5.1%
State of Wisconsin	6.6%	6.6%	6.3%	4.5%	4.2%
United States	8.3%	7.6%	6.7%	5.6%	4.9%

* All percentages are seasonally adjusted December unemployment rates

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

http://dwd.wisconsin.gov/oea/unemployment_rates_and_labor_force_estimates/.

2016 Budget

The 2016 budget includes the following major changes from 2015:

- A property tax levy increase of 1.51% or \$163,784 in 2016. The significant portions of this change can be attributed to an increase of \$72,218 for debt service, a decrease of \$47,019 for Capital projects, and an increase of \$115,679 for General fund operations.
- The Police department budget includes an anticipated 1 FTE civilian staff reduction as a result of planned operational changes in weekend and evening staffing needs.
- Due to 2 retirements in 2015, retiree benefit costs are expected to increase by about 50% or \$60,215 in 2016.

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 3,243,759	\$ 1,137,580	\$ 4,381,339	\$ 31,849
Investments	8,122,602	-	8,122,602	-
Receivables	5,925,005	706,200	6,631,205	15,050
Inventories	-	35,761	35,761	-
Prepaid items	563,519	1,099	564,618	-
Restricted asset - cash and cash equivalents	4,387,288	89,337	4,476,625	30,248
Internal balances	1,529,454	(1,529,454)	-	-
Loans receivable	3,941,882	-	3,941,882	-
Net Pension Asset	912,861	93,637	1,006,498	-
Capital Assets				
Land	4,491,320	233,345	4,724,665	-
Artwork	330,000	-	330,000	-
Construction in progress	-	137,987	137,987	-
Other capital assets, net of depreciation	19,574,532	20,265,910	39,840,442	-
Total Assets	<u>53,022,222</u>	<u>21,171,402</u>	<u>74,193,624</u>	<u>77,147</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension - Expected vs. Act. Experience	132,336	13,574	145,910	-
Pension - Expected vs. Act. Investment Income	442,052	45,343	487,395	-
Pension - Change in Proportionate Share	18,527	1,901	20,428	-
Pension - Contributions subsequent to measurement date	374,688	38,434	413,122	-
Unamortized loss on refunding	91,724	-	91,724	-
Total Deferred Outflows of Resources	<u>1,059,327</u>	<u>99,252</u>	<u>1,158,579</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>54,081,549</u>	<u>21,270,654</u>	<u>75,352,203</u>	<u>77,147</u>
LIABILITIES				
Accounts payable and accrued expenses	826,438	148,358	974,796	7,698
Accrued interest payable	348,160	88,251	436,411	-
Noncurrent Liabilities				
Due within one year	3,200,436	760,963	3,961,399	-
Due in more than one year	38,918,795	9,027,493	47,946,288	-
Total Liabilities	<u>43,293,829</u>	<u>10,025,065</u>	<u>53,318,894</u>	<u>7,698</u>
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent year's budget	13,404,765	-	13,404,765	-
Total Deferred Inflows of Resources	<u>13,404,765</u>	<u>-</u>	<u>13,404,765</u>	<u>-</u>
Total Liabilities and Deferred Inflows	<u>56,698,594</u>	<u>10,025,065</u>	<u>66,723,659</u>	<u>7,698</u>
NET POSITION				
Net investment in capital assets	12,984,428	11,245,606	21,063,832	-
Restricted for:				
Pension Benefits	1,972,188	192,889	2,165,077	-
Library Bequests	47,255	-	47,255	-
Facade improvements	-	-	-	30,248
Unrestricted (deficit)	<u>(17,620,916)</u>	<u>(192,906)</u>	<u>(14,647,620)</u>	<u>39,201</u>
TOTAL NET POSITION	<u>\$ (2,617,045)</u>	<u>\$ 11,245,589</u>	<u>\$ 8,628,544</u>	<u>\$ 69,449</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

(continued)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,359,479	\$ 100,014	\$ 54,038	\$ -
Public safety	7,074,189	870,570	67,566	-
Public works	4,301,872	344,822	864,814	471,375
Health and social services	308,447	74,984	6,247	-
Culture and recreation	1,602,289	48,935	158,499	-
Conservation and development	6,111,937	26,500	-	-
Interest and fiscal charges	1,225,924	-	-	-
Total Governmental Activities	<u>21,984,137</u>	<u>1,465,825</u>	<u>1,151,164</u>	<u>471,375</u>
Business-Type Activities				
Parking	199,908	221,107	-	-
Water	1,582,051	1,812,651	-	-
Sewer	1,574,708	2,166,740	-	-
Total Business-Type Activities	<u>3,356,667</u>	<u>4,200,498</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 25,340,804</u>	<u>\$ 5,666,323</u>	<u>\$ 1,151,164</u>	<u>\$ 471,375</u>
Component Unit				
Business Improvement District	\$ 180,135	\$ -	\$ 55,000	\$ -
Total Component Unit	<u>\$ 180,135</u>	<u>\$ -</u>	<u>\$ 55,000</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

(concluded)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
	\$ (1,205,427)	\$ -	\$ (1,205,427)	\$ -
	(6,136,053)	-	(6,136,053)	-
	(2,620,861)	-	(2,620,861)	-
	(227,216)	-	(227,216)	-
	(1,394,855)	-	(1,394,855)	-
	(6,085,437)	-	(6,085,437)	-
	(1,225,924)	-	(1,225,924)	-
	<u>(18,895,773)</u>	<u>-</u>	<u>(18,895,773)</u>	<u>-</u>
	-	21,199	21,199	-
	-	230,600	230,600	-
	-	592,032	592,032	-
	-	843,831	843,831	-
	<u>(18,895,773)</u>	<u>843,831</u>	<u>(18,051,942)</u>	<u>-</u>
	-	-	-	(125,135)
	-	-	-	(125,135)
General Revenues				
Taxes				
Property taxes, levied for general purposes	11,197,371	-	11,197,371	-
Property taxes, levied for debt service	1,511,274	-	1,511,274	-
Property taxes, levied for component unit	-	-	-	109,163
Intergovernmental revenues				
not restricted to specific programs	573,762	-	573,762	-
Investment income	297,035	21,936	318,971	599
Miscellaneous	176,983	-	176,983	7,425
Transfers	168,345	(168,345)	-	-
Total General Revenues and Transfers	<u>13,924,770</u>	<u>(146,409)</u>	<u>13,778,361</u>	<u>117,187</u>
Change in Net Position	(4,971,003)	697,422	(4,273,581)	(7,948)
NET POSITION - BEGINNING OF YEAR AS RESTATED	<u>2,353,958</u>	<u>10,548,167</u>	<u>12,902,125</u>	<u>77,397</u>
NET POSITION - END OF YEAR	<u>\$ (2,617,045)</u>	<u>\$ 11,245,589</u>	<u>\$ 8,628,544</u>	<u>\$ 69,449</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2015

(continued)

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
ASSETS			
Cash and cash equivalents	\$ 923,022	\$ 925,193	\$ 670,026
Investments	8,122,602	-	-
Taxes and delinquent personal property taxes receivable (net of uncollectibles allowance)	3,418,929	662,361	152,002
Other receivables	115,106	-	150,764
Prepaid items	530,519	-	29,559
Restricted asset - cash and cash equivalents	-	-	121,673
Due from other funds	376,918	-	-
Loans and long-term receivable	247,062	-	-
Advances to other funds	1,152,536	-	-
TOTAL ASSETS	<u>\$ 14,886,694</u>	<u>\$ 1,587,554</u>	<u>\$ 1,124,024</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 199,097	\$ -	\$ 155,218
Accrued liabilities	280,331	-	8,044
Total Liabilities	<u>479,428</u>	<u>-</u>	<u>163,262</u>
 DEFERRED INFLOWS OF RESOURCES			
Taxes levied for subsequent year's budget	8,113,600	1,583,492	363,387
Unavailable revenues	12,898	-	9,115
Total Deferred Inflows of Resources	<u>8,126,498</u>	<u>1,583,492</u>	<u>372,502</u>
 FUND BALANCES			
Nonspendable - prepaids	530,519	-	29,559
Nonspendable - long-term receivables (net of current)	1,040,017	-	-
Restricted	-	-	121,673
Committed	-	4,062	-
Assigned	399,282	-	437,028
Unassigned (deficit)	4,310,950	-	-
Total Fund Balances	<u>6,280,768</u>	<u>4,062</u>	<u>588,260</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 14,886,694</u>	 <u>\$ 1,587,554</u>	 <u>\$ 1,124,024</u>

See accompanying notes to financial statements.

(concluded)

<u>Capital Projects TID No. 1</u>	<u>Capital Projects TID No. 3</u>	<u>Capital Projects TID No. 4</u>	<u>Capital Projects TID No. 5</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 725,518	\$ 3,243,759
-	-	-	-	-	8,122,602
716,267	63,735	201,889	4,758	412,235	5,632,176
3,999	3,260	425	538	18,737	292,829
-	-	-	-	3,441	563,519
2,260,617	1,296,583	426,412	210,183	71,820	4,387,288
-	-	-	-	-	376,918
284,820	-	3,410,000	-	-	3,941,882
-	-	-	-	-	1,152,536
<u>\$ 3,265,703</u>	<u>\$ 1,363,578</u>	<u>\$ 4,038,726</u>	<u>\$ 215,479</u>	<u>\$ 1,231,751</u>	<u>\$ 27,713,509</u>
\$ 50,291	\$ 86,560	\$ 147	\$ 484	\$ 17,994	\$ 509,791
<u>6,263</u>	<u>349</u>	<u>67</u>	<u>348</u>	<u>21,245</u>	<u>316,647</u>
<u>56,554</u>	<u>86,909</u>	<u>214</u>	<u>832</u>	<u>39,239</u>	<u>826,438</u>
1,712,365	152,370	482,653	11,375	985,523	13,404,765
<u>6,449</u>	<u>1,780</u>	<u>232</u>	<u>294</u>	<u>18,737</u>	<u>49,505</u>
<u>1,718,814</u>	<u>154,150</u>	<u>482,885</u>	<u>11,669</u>	<u>1,004,260</u>	<u>13,454,270</u>
-	-	-	-	3,441	563,519
-	-	-	-	-	1,040,017
1,490,335	1,122,519	3,555,627	202,978	71,820	6,564,952
-	-	-	-	112,991	117,053
-	-	-	-	-	836,310
-	-	-	-	-	4,310,950
<u>1,490,335</u>	<u>1,122,519</u>	<u>3,555,627</u>	<u>202,978</u>	<u>188,252</u>	<u>13,432,801</u>
<u>\$ 3,265,703</u>	<u>\$ 1,363,578</u>	<u>\$ 4,038,726</u>	<u>\$ 215,479</u>	<u>\$ 1,231,751</u>	<u>\$ 27,713,509</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, 2015

Fund balances - total governmental funds	\$ 13,432,801
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	4,355,291
Intangibles	87,810
Buildings and building improvements	8,730,516
Infrastructure	27,753,556
Less: accumulated depreciation	<u>(21,352,641)</u>
Total adjustment for capital assets	<u>24,395,852</u>
Net pension assets are not current financial resources and, therefore, are not reported in the governmental funds	912,861
Deferred outflows related to pensions are not current financial resources and, therefore, are not reported in the governmental funds	967,603
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.	49,505
Gains/losses on refundings are capitalized in the government-wide financial statements	91,724
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	(40,488,491)
(Discounts)/premiums	(337,782)
Other post employment benefits	(759,142)
Compensated absences	(475,718)
Retiree sick leave	(58,098)
Accrued interest on debt	<u>(348,160)</u>
Total adjustment for long-term obligations	<u>(42,467,391)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,617,045)</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

(continued)

	<u>General</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
REVENUES			
Taxes	\$ 7,997,921	\$ 1,511,274	\$ 410,406
Intergovernmental	1,069,487	-	643,841
Licenses and permits	579,720	-	-
Fines	448,231	-	-
Charges for services	276,204	-	285,059
Investment income	131,403	-	-
Other revenues	164,751	-	-
Total Revenues	<u>10,667,717</u>	<u>1,511,274</u>	<u>1,339,306</u>
EXPENDITURES			
Current			
General government	1,078,923	-	-
Public safety	6,842,776	-	-
Public works	2,196,481	-	-
Health and social services	145,037	-	-
Culture and recreation	316,333	-	-
Conservation and development	238,261	-	-
Capital Outlay	-	-	1,675,744
Debt Service			
Principal retirement	-	2,517,512	77,653
Interest and fiscal charges	-	1,150,070	-
Bond issuance costs	-	-	-
Total Expenditures	<u>10,817,811</u>	<u>3,667,582</u>	<u>1,753,397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(150,094)</u>	<u>(2,156,308)</u>	<u>(414,091)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	-	-	34,354
General obligation debt issued	-	-	-
Transfers in	178,235	2,122,753	28,000
Transfers out	(28,000)	-	-
Total Other Financing Sources (Uses)	<u>150,235</u>	<u>2,122,753</u>	<u>62,354</u>
Net Change in Fund Balance	141	(33,555)	(351,737)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>6,280,627</u>	<u>37,617</u>	<u>939,997</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,280,768</u>	<u>\$ 4,062</u>	<u>\$ 588,260</u>

See accompanying notes to financial statements.

(concluded)

Capital Projects TID No. 1	Capital Projects TID No. 3	Capital Projects TID No. 4	Capital Projects TID No. 5	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,401,383	\$ -	\$ 425,043	\$ -	\$ 962,617	\$ 12,708,644
32,462	6,532	-	-	91,292	1,843,614
-	-	-	-	-	579,720
-	-	-	-	-	448,231
-	-	-	-	161,658	722,921
27,485	15,926	106,813	3,218	60	284,905
-	-	-	-	153,041	317,792
<u>1,461,330</u>	<u>22,458</u>	<u>531,856</u>	<u>3,218</u>	<u>1,368,668</u>	<u>16,905,827</u>
-	-	-	-	137,787	1,216,710
-	-	-	-	-	6,842,776
-	-	-	-	-	2,196,481
-	-	-	-	162,016	307,053
-	-	-	-	1,078,991	1,395,324
132,524	163,581	8,325	5,565,933	-	6,108,624
-	-	-	-	17,257	1,693,001
-	-	-	-	-	2,595,165
205	-	350	-	-	1,150,625
-	17,362	-	57,782	-	75,144
<u>132,729</u>	<u>180,943</u>	<u>8,675</u>	<u>5,623,715</u>	<u>1,396,051</u>	<u>23,580,903</u>
<u>1,328,601</u>	<u>(158,485)</u>	<u>523,181</u>	<u>(5,620,497)</u>	<u>(27,383)</u>	<u>(6,675,076)</u>
-	-	-	-	-	34,354
-	1,860,000	-	6,190,000	-	8,050,000
-	-	-	-	28,300	2,357,288
<u>(1,400,753)</u>	<u>(107,247)</u>	<u>(500,244)</u>	<u>(137,709)</u>	<u>(14,990)</u>	<u>(2,188,943)</u>
<u>(1,400,753)</u>	<u>1,752,753</u>	<u>(500,244)</u>	<u>6,052,291</u>	<u>13,310</u>	<u>8,252,699</u>
(72,152)	1,594,268	22,937	431,794	(14,073)	1,577,623
<u>1,562,487</u>	<u>(471,749)</u>	<u>3,532,690</u>	<u>(228,816)</u>	<u>202,325</u>	<u>11,855,178</u>
<u>\$ 1,490,335</u>	<u>\$ 1,122,519</u>	<u>\$ 3,555,627</u>	<u>\$ 202,978</u>	<u>\$ 188,252</u>	<u>\$ 13,432,801</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, 2015

Net change in fund balances - total governmental funds	\$ 1,577,623
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	1,693,001
Some items reported as capital outlay were not capitalized	
Payments to joint ventures for fire and dispatch services	(195,836)
Miscellaneous other non-capitalized capital outlay	(1,099,931)
Depreciation is reported in the government-wide statements	(1,488,223)
Net book value of assets retired	(2,829)
Net change in net pension asset and related deferred outflows are not current financial resources and, therefore, are not reported in the government-wide financial statements	29,380
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	49,505
Less: receivables recognized as revenue in previous years	(110,543)
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	(8,050,000)
Principal repaid	2,595,165
Amortization of the loss on advanced refunding	(20,625)
Governmental funds report the effect of debt, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Amortization of discounts/premiums	35,985
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	51,025
Net OPEB liability	(7,020)
Retiree insurance	(12,165)
Accrued interest on debt	<u>(15,515)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (4,971,003)</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
As of December 31, 2015

	Business-Type Activities			Totals
	Enterprise Funds			
	Parking Utility	Water Utility	Sewer Utility	
ASSETS AND DEFERRED OUTFLOWS				
Current Assets				
Cash and cash equivalents	\$ 303,000	\$ -	\$ 834,580	\$ 1,137,580
Receivables	919	310,240	395,041	706,200
Prepays	-	696	403	1,099
Restricted asset - cash and cash equivalents	-	-	89,337	89,337
Current portion of advance	18,759	-	-	18,759
Inventories	-	35,761	-	35,761
Total Current Assets	<u>322,678</u>	<u>346,697</u>	<u>1,319,361</u>	<u>1,988,736</u>
Noncurrent Assets				
Capital Assets				
Land	233,345	-	-	233,345
Construction in progress	-	-	137,987	137,987
Other capital assets, net of depreciation	93,508	4,991,001	15,181,401	20,265,910
Long-term portion of advances	<u>195,012</u>	-	-	<u>195,012</u>
Total Noncurrent Assets	<u>521,865</u>	<u>4,991,001</u>	<u>15,319,388</u>	<u>20,832,254</u>
Total Assets	<u>844,543</u>	<u>5,337,698</u>	<u>16,638,749</u>	<u>22,820,990</u>
Deferred Outflows				
Net Pension Asset	-	55,332	38,305	93,637
Pension related deferred outflows:				
Expected vs. Actual Experience	-	8,021	5,553	13,574
Expected vs. Actual Investment Income	-	26,794	18,549	45,343
Change in Proportionate Share	-	1,123	778	1,901
Contributions subsequent to measurement date	-	22,711	15,723	38,434
Total Deferred Outflows	-	<u>113,981</u>	<u>78,908</u>	<u>192,889</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>844,543</u>	<u>5,451,679</u>	<u>16,717,657</u>	<u>23,013,879</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	43,470	87,973	16,915	148,358
Accrued interest payable	1,991	21,352	64,908	88,251
Due to other funds	-	376,918	-	376,918
Current portion of debt	15,000	244,181	489,090	748,271
Current portion of advances	-	75,000	56,278	131,278
Total Current Liabilities	<u>60,461</u>	<u>805,424</u>	<u>627,191</u>	<u>1,493,076</u>
Noncurrent Liabilities				
General obligation debt	219,022	2,133,471	6,597,511	8,950,004
Advances from other funds	-	650,000	585,029	1,235,029
Other postemployment benefits (OPEB)	-	23,589	17,928	41,517
Compensated absences	<u>2,520</u>	<u>22,627</u>	<u>23,517</u>	<u>48,664</u>
Total Noncurrent Liabilities	<u>221,542</u>	<u>2,829,687</u>	<u>7,223,985</u>	<u>10,275,214</u>
Total Liabilities	<u>282,003</u>	<u>3,635,111</u>	<u>7,851,176</u>	<u>11,768,290</u>
NET POSITION				
Net investment in capital assets	326,854	2,613,349	8,305,403	11,245,606
Restricted for Pension Benefits	-	113,981	78,908	192,889
Unrestricted (deficit)	<u>235,686</u>	<u>(910,762)</u>	<u>482,170</u>	<u>(192,906)</u>
TOTAL NET POSITION	<u>\$ 562,540</u>	<u>\$ 1,816,568</u>	<u>\$ 8,866,481</u>	<u>\$ 11,245,589</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Business-Type Activities Enterprise Funds			Totals
	Parking Utility	Water Utility	Sewer Utility	
OPERATING REVENUES				
Charges for services	\$ 220,982	\$ 1,779,774	\$ 2,120,712	\$ 4,121,468
Miscellaneous revenues	125	32,877	46,028	79,030
Total Operating Revenues	<u>221,107</u>	<u>1,812,651</u>	<u>2,166,740</u>	<u>4,200,498</u>
OPERATING EXPENSES				
Operation and maintenance	190,988	1,341,580	1,118,738	2,651,306
Depreciation	<u>5,500</u>	<u>146,505</u>	<u>253,048</u>	<u>405,053</u>
Total Operating Expenses	<u>196,488</u>	<u>1,488,085</u>	<u>1,371,786</u>	<u>3,056,359</u>
Operating Income	<u>24,619</u>	<u>324,566</u>	<u>794,954</u>	<u>1,144,139</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	11,187	-	10,749	21,936
Interest expense	<u>(3,420)</u>	<u>(93,966)</u>	<u>(202,922)</u>	<u>(300,308)</u>
Total Nonoperating Revenues (Expenses)	<u>7,767</u>	<u>(93,966)</u>	<u>(192,173)</u>	<u>(278,372)</u>
Income Before Transfers, and Contributions	32,386	230,600	602,781	865,767
TRANSFERS OUT	<u>(35,159)</u>	<u>(128,144)</u>	<u>(5,042)</u>	<u>(168,345)</u>
Change in Net Position	(2,773)	102,456	597,739	697,422
TOTAL NET POSITION - BEGINNING OF YEAR AS RESTATED	<u>565,313</u>	<u>1,714,112</u>	<u>8,268,742</u>	<u>10,548,167</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 562,540</u>	<u>\$ 1,816,568</u>	<u>\$ 8,866,481</u>	<u>\$ 11,245,589</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

(continued)

	Business-Type Activities Enterprise Funds			Totals
	Parking Utility	Water Utility	Sewer Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 221,107	\$ 2,007,173	\$ 2,544,955	\$ 4,773,235
Paid to suppliers for goods and services	(136,284)	(1,148,195)	(957,597)	(2,242,076)
Paid to employees for services	(54,440)	(263,868)	(169,610)	(487,918)
Net Cash Flows From Operating Activities	<u>30,383</u>	<u>595,110</u>	<u>1,417,748</u>	<u>2,043,241</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to village for tax equivalent - Transfer Out	(35,159)	(128,144)	(5,042)	(168,345)
Repayment of due to other funds	-	(152,996)	-	(152,996)
Received from other funds	-	376,918	-	376,918
Payments received on advances	18,235	-	-	18,235
Payments made on advances	-	(75,000)	(54,707)	(129,707)
Interest received on advances	7,212	-	-	7,212
Interest paid on advances	-	(26,000)	(21,510)	(47,510)
Net Cash Flows From Noncapital Financing Activities	<u>(9,712)</u>	<u>(5,222)</u>	<u>(81,259)</u>	<u>(96,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>3,807</u>	<u>-</u>	<u>9,741</u>	<u>13,548</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(263,767)	(312,905)	(576,672)
Payments of long-term debt	(15,000)	(233,340)	(456,380)	(704,720)
Interest paid on long-term debt	(5,077)	(92,781)	(206,433)	(304,291)
Net Cash Flows From Capital and Related Financing Activities	<u>(20,077)</u>	<u>(589,888)</u>	<u>(975,718)</u>	<u>(1,585,683)</u>
Net Change in Cash and Cash Equivalents	4,401	-	370,512	374,913
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>298,599</u>	<u>-</u>	<u>553,405</u>	<u>852,004</u>
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 303,000</u>	<u>\$ -</u>	<u>\$ 923,917</u>	<u>\$ 1,226,917</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2015

(concluded)

	Business-Type Activities Enterprise Funds			Totals
	Parking Utility	Water Utility	Sewer Utility	
Ending Total Cash and Cash Equivalents are comprised of:				
Cash and cash equivalents	\$ 303,000	\$ -	\$ 834,580	\$ 1,137,580
Restricted - cash and cash equivalents	-	-	89,337	89,337
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 303,000</u>	<u>\$ -</u>	<u>\$ 923,917</u>	<u>\$ 1,226,917</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating income	\$ 24,619	\$ 324,566	\$ 794,954	\$ 1,144,139
Adjustments to reconcile operating income to net cash provided from operating activities				
Noncash items included in income				
Depreciation	5,500	146,505	253,048	405,053
Depreciation charged to other accounts	-	13,069	(13,069)	-
Deffered Outflows Related to WRS pension expenses	-	20,050	13,880	33,930
Accrued other post employment benefits	-	(1,724)	(4,560)	(6,284)
Changes in assets and liabilities				
Accounts receivable	-	194,522	378,215	572,737
Inventories	-	(794)	-	(794)
Prepayments	1,991	2,197	2,343	6,531
Accounts payable and accrued liabilities	(1,727)	(103,281)	(7,063)	(112,071)
Net Cash Flows From Operating Activities	<u>\$ 30,383</u>	<u>\$ 595,110</u>	<u>\$ 1,417,748</u>	<u>\$ 2,043,241</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND
As of December 31, 2015

	<u>Tax Collection Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 18,458,025
Property taxes receivable	<u>13,218,860</u>
TOTAL ASSETS	<u>\$ 31,676,885</u>
LIABILITIES	
Accounts payable	\$ 80,704
Due to other taxing units	<u>31,596,181</u>
TOTAL LIABILITIES	<u>\$ 31,676,885</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

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

Discretely Presented Component Units

The Village of Shorewood Business Improvement District ("BID") was established in 1999 by the Village. The BID is a legally separate organization whose board is appointed by the Village president. The BID does not provide a financial benefit or burden to the Village as the Village cannot access the BID's resources, and is not obligated for any deficits or debt issued by the BID. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the BID as the Village board approves the BID's annual budget and changes to the BID's assessment methods. As a component unit, the BID's financial statements have been presented as a discrete column in the government-wide financial statements. The information presented is for the fiscal year ended December 31, 2015. 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 2015 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.

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.

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. Management has chosen to present this fund as major.

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. 3 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. Management has chosen to present this fund as major.

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.

Tax Incremental District (TID) No. 5 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. Management has chosen to present this fund as major.

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.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

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.

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.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

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.

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.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.
- 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. The Village's investment policy requires that securities purchased will be registered in the Direct Registration System in the Village's name, and that trades of securities will be executed by delivery versus payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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, 2015, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Concentration of Credit Risk

Concentration of credit risk is the risk that losses become substantial due to the magnitude of the Village's investment in a single issuer. The Village's investment policy reduces this risk by limiting its investments in a single issuer to 10% of our total cash and investments balances.

See Note III. A for further information.

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 - 2015 tax roll:

Lien date and levy date	December 2015
Tax bills mailed	December 2015
Payment in full, or	January 31, 2016
First installment due	January 31, 2016
Second installment due	March 31, 2016
Third installment due	May 31, 2016
Personal property taxes in full	January 31, 2016
Tax sale - 2015 delinquent real estate taxes	October 2018

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 include property, plant, equipment, intangibles, and infrastructure assets (e.g. roads, alleys, street lights, and similar items), and 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.

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 has unamortized losses on refunding and deferred outflows related to its pension plan. 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. Deferred outflows related to the pension plan are discussed in Note IV.B.

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

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Deferred Outflows/Inflows of Resources (continued)

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. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015, 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 2015, the Village paid \$19,195 for six (6) retirees under this program. The remaining unused sick leave bank for these retirees is reported as a government-wide liability of \$58,098.

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.

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. F 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.

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.

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 January 1, 2015. Current sewer rates were approved by the Village Board and effective November 15, 2014. Current parking rates were approved by the Village Board and effective January 1, 2015.

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.

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	2,372,039	2,288,296	Custodial credit risk
Overnight repurchase agreement	25,177,471	25,177,471	Custodial credit, credit risk, concentration of credit, and interest rate
LGIP	274	274	Credit risk
US agency securities	1,529,798	1,529,798	Custodial credit and interest rate
Municipal bonds	4,395,743	4,395,743	Custodial credit, credit risk, concentration of credit, and interest rate
Certificates of deposit	<u>2,045,594</u>	<u>2,045,594</u>	Custodial credit, and concentration of credit risk
	<u>\$ 35,520,919</u>	<u>\$ 35,438,591</u>	

Reconciliation to financial statements

Per statement of net position

Cash and cash equivalents	\$ 4,381,339
Investments	8,122,602
Restricted cash and cash equivalents	4,476,625

Per statement of net position - Fiduciary Fund

Cash and cash equivalents	<u>18,458,025</u>
Total cash and investments	<u>\$ 35,438,591</u>

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of December 31, 2015: U.S. agency securities of \$1.53 million are valued using quoted market prices (Level 1 inputs) Municipal bonds of \$4.39 million are valued using a matrix pricing model (Level 2 inputs).

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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

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.

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

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village. The Village does not have any deposits exposed to custodial credit risk as all are either insured or collateralized.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have any investments exposed to custodial credit risk as all investments 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, 2015, the Village's investments were rated as follows:

Moody's Investors	
<u>Services Rating</u>	<u>Municipal Bonds</u>
Aaa	\$ 454,127
Aa1	754,702
Aa2	1,314,167
Aa3	734,935
A1	176,663
A3	234,495
Unrated	<u>726,654</u>
Total	<u>\$ 4,395,743</u>

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

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, 2015, the Village's investments were as follows:

Investment Type	Fair Value	Maturity (in years)				
		< 1 year	1 - 2	2 - 3	3 - 4	4 - 5
Municipal bonds	\$ 4,395,743	\$1,121,012	\$ 1,435,096	\$1,085,483	\$ 321,795	\$ 432,357
U.S. agencies	1,529,798	-	739,734	-	541,289	248,775
Total	<u>\$ 5,925,541</u>	<u>\$1,121,012</u>	<u>\$ 2,174,830</u>	<u>\$1,085,483</u>	<u>\$ 863,084</u>	<u>\$ 681,132</u>

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, 2015, 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:

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

Deferred Inflows	Unavailable	Unearned	Total
Property taxes levied for subsequent year's budget	\$ -	\$ 13,404,765	\$ 13,404,765
Revenues earned but not available	49,505	-	49,505
Total Deferred Inflows for Governmental Funds	<u>\$ 49,505</u>	<u>\$ 13,404,765</u>	<u>\$ 13,454,270</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	\$ 651,500	\$ 317,213	\$ 14,972	\$ 47,365	\$ 284,820	\$ 49,168
Neighborhood						
Loan Program	304,325	244,222	42,840	40,000	247,062	-
Other Loans						
Lighthouse	<u>3,535,000</u>	<u>3,535,000</u>	-	<u>125,000</u>	<u>3,410,000</u>	<u>125,000</u>
Total	<u>\$ 4,490,825</u>	<u>\$ 4,096,435</u>	<u>\$ 57,812</u>	<u>\$ 212,365</u>	<u>\$ 3,941,882</u>	<u>\$ 174,168</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, updates, 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 ten loans have been authorized, as of year-end only seven are outstanding. The repayment terms vary by individual loan agreement, some offering deferred interest, deferred principal, or deferred payment options.

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

Loans Receivable (continued)

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, 2015, there were 18 loans outstanding 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.

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

As of December 31, 2015, the Village reported restricted cash and cash equivalents for the following purposes and funds:

Fund	Restricted cash & equivalent	Restricted Fund Balance
General Capital Projects Fund		
Upsent bond proceeds for capital purposes	\$ 121,673	\$ 121,673
Capital Projects - TID No.1		
Restricted for special purposes	2,260,617	1,490,335
Capital Projects - TID No.3		
Restricted for special purposes	1,296,583	1,122,519
Capital Projects - TID No.4		
Restricted for special purposes	426,412	3,555,627
Capital Projects - TID No.5		
Restricted for special purposes	210,183	202,978
Nonmajor Governmental Funds		
Restricted for special purposes	71,820	71,820
Total Governmental Activities	<u>\$ 4,387,288</u>	<u>\$ 6,564,952</u>
Sewer Utility		
Upsent bond proceeds for capital purposes	89,337	-
Total Business-Type Activities	<u>\$ 89,337</u>	<u>\$ -</u>

Any liabilities payable from restricted assets represent payments which will be paid from the restricted cash balances.

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 4,491,320	\$ -	\$ -	\$ 4,491,320
Artwork	330,000	-	-	330,000
Total Capital Assets Not Being Depreciated	<u>4,821,320</u>	<u>-</u>	<u>-</u>	<u>4,821,320</u>
Capital Assets Being Depreciated				
Machinery and equipment	4,181,130	313,428	139,267	4,355,291
Intangible assets software	87,810	-	-	87,810
Buildings and improvements	8,669,366	83,977	22,827	8,730,516
Infrastructure	<u>27,753,556</u>	<u>-</u>	<u>-</u>	<u>27,753,556</u>
Total Capital Assets Being Depreciated	<u>40,691,862</u>	<u>397,405</u>	<u>162,094</u>	<u>40,927,173</u>
Total Capital Assets	<u>45,513,182</u>	<u>397,405</u>	<u>162,094</u>	<u>45,748,493</u>
Less: Accumulated Depreciation for				
Machinery and equipment	2,781,097	279,843	136,439	2,924,501
Intangible assets software	41,044	17,562	-	58,606
Buildings and improvements	2,982,567	224,759	22,827	3,184,499
Infrastructure	<u>14,218,976</u>	<u>966,059</u>	<u>-</u>	<u>15,185,035</u>
Total Accumulated Depreciation	<u>20,023,684</u>	<u>1,488,223</u>	<u>159,266</u>	<u>21,352,641</u>
Net Depreciable Assets	<u>20,668,178</u>			<u>19,574,532</u>
Total Governmental Activities	<u>\$ 25,489,498</u>			<u>\$ 24,395,852</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 71,409
Public safety	73,600
Health and social services	1,394
Public works, which includes the depreciation of infrastructure	1,168,504
Culture and recreation	<u>173,316</u>
Total Governmental Activities Depreciation Expense	<u>\$ 1,488,223</u>

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Business-Type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 233,345	\$ -	\$ -	\$ 233,345
Construction in progress	92,438	49,020	3,471	137,987
Total Capital Assets				
Not Being Depreciated	<u>325,783</u>	<u>49,020</u>	<u>3,471</u>	<u>371,332</u>
Capital Assets Being Depreciated				
Water utility system	5,976,578	232,752	4,678	6,204,652
Sewer collection system	16,738,526	226,069	-	16,964,595
Parking improvements	501,569	-	-	501,569
Machinery and equipment	989,817	72,305	33,158	1,028,964
Total Capital Assets Being Depreciated	<u>24,206,490</u>	<u>531,126</u>	<u>37,836</u>	<u>24,699,780</u>
Total Capital Assets	<u>24,532,273</u>	<u>580,146</u>	<u>41,307</u>	<u>25,071,112</u>
Less: Accumulated Depreciation for				
Water utility system	1,141,699	124,287	4,678	1,261,308
Sewer collection system	1,823,325	189,826	-	2,013,151
Parking improvements	402,561	5,500	-	408,061
Machinery and equipment	699,068	85,440	33,158	751,350
Total Accumulated Depreciation	<u>4,066,653</u>	<u>405,053</u>	<u>37,836</u>	<u>4,433,870</u>
Net Depreciable Assets	<u>20,139,837</u>			<u>20,265,910</u>
Total Business-Type Activities	<u>\$ 20,465,620</u>			<u>\$ 20,637,242</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities	
Water	\$ 146,505
Sewer	253,048
Parking	<u>5,500</u>
Total Business-type Activities Depreciation Expense	<u>\$ 405,053</u>

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
General Fund	Water Utility	\$ 376,918
Less: Fund eliminations		-
Total Internal Balances		<u>\$ 376,918</u>

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	\$ 725,000	\$ 650,000
General Fund	Sewer Utility	427,536	390,017
Subtotal General Fund		1,152,536	1,040,017
Parking Utility	Sewer Utility	213,771	195,012
Total - Fund Financial Statements		1,366,307	<u>\$ 1,235,029</u>
Less: Fund eliminations		<u>(213,771)</u>	
Total Internal Balances - advances		1,152,536	
Total Internal Balances - due to/due from above		<u>376,918</u>	
Total Internal Balances Statement of Net Position		<u>\$ 1,529,454</u>	

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
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	115,000	11,213	42,015	7,774	157,015	18,987	21,007	3,887
2021-2025	230,000	11,213	228,860	20,085	458,860	31,298	114,436	10,034
Total	<u>\$ 725,000</u>	<u>\$ 100,752</u>	<u>\$ 427,536</u>	<u>\$ 70,354</u>	<u>\$ 1,152,536</u>	<u>\$ 171,106</u>	<u>\$ 213,771</u>	<u>\$ 35,169</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.

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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

Transfers

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility	\$ 128,144	Payment in lieu of taxes
General Fund	Sewer Utility	5,042	Payment in lieu of taxes
General Fund	Parking Utility	35,159	Payment in lieu of taxes
General Fund	Library	<u>9,890</u>	Administration allocation
Subtotal General Fund		<u>178,235</u>	
Debt Service Fund	TID No. 1	1,377,553	Debt service
Debt Service Fund	TID No. 3	107,247	Debt service
Debt Service Fund	TID No. 4	500,244	Debt service
Debt Service Fund	TID No. 5	<u>137,709</u>	Debt service
Subtotal Debt Service Fund		<u>2,122,753</u>	
Capital Projects Fund	General Fund	<u>28,000</u>	Capital investment
Marketing Shorewood	TID No. 1	23,200	Program subsidy
Shorewood Today	Marketing Shorewood	<u>5,100</u>	Program subsidy
Subtotal Nonmajor Funds		<u>28,300</u>	
Total - Fund Financial Statements		2,357,288	
Less: Fund Eliminations		<u>(2,188,943)</u>	
Total Transfer - Government-Wide			
Statement of Activities		<u>\$ 168,345</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.

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015 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	\$ 35,033,656	\$ 8,050,000	\$ 2,595,165	\$ 40,488,491	\$ 2,890,250
(Discounts)/premiums	<u>373,767</u>	<u>-</u>	<u>35,985</u>	<u>337,782</u>	<u>35,502</u>
Total General Obligation Debt	<u>35,407,423</u>	<u>8,050,000</u>	<u>2,631,150</u>	<u>40,826,273</u>	<u>2,925,752</u>
Other Liabilities					
Other postemployment benefits	752,122	228,374	221,354	759,142	-
Compensated absences	526,743	222,274	273,299	475,718	250,000
Retiree sick leave	<u>45,933</u>	<u>31,360</u>	<u>19,195</u>	<u>58,098</u>	<u>24,684</u>
Total Other Liabilities	<u>1,324,798</u>	<u>482,008</u>	<u>513,848</u>	<u>1,292,958</u>	<u>274,684</u>
Total Governmental Activities	<u>\$ 36,732,221</u>	<u>\$ 8,532,008</u>	<u>\$ 3,144,998</u>	<u>\$ 42,119,231</u>	<u>\$ 3,200,436</u>
Business-Type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 10,283,343	\$ -	\$ 704,720	\$ 9,578,623	\$ 748,272
(Discounts)/premiums	<u>127,343</u>	<u>-</u>	<u>7,691</u>	<u>119,652</u>	<u>7,691</u>
Total General Obligation Debt	<u>10,410,686</u>	<u>-</u>	<u>712,411</u>	<u>9,698,275</u>	<u>755,963</u>
Other Liabilities					
Other postemployment benefits	47,801	18,131	24,415	41,517	-
Compensated absences	<u>57,033</u>	<u>5,712</u>	<u>14,081</u>	<u>48,664</u>	<u>5,000</u>
Total Other Liabilities	<u>104,834</u>	<u>23,843</u>	<u>38,496</u>	<u>90,181</u>	<u>5,000</u>
Total Business-Type Activities	<u>\$ 10,515,520</u>	<u>\$ 23,843</u>	<u>\$ 750,907</u>	<u>\$ 9,788,456</u>	<u>\$ 760,963</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, 2015, was \$74,886,415. Total general obligation debt outstanding at year-end was \$50,067,114.

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	\$ -
Corp Purpose Bonds	5/11/2010	5/1/2025	1.00-5.20%	4,576,554	3,666,628
Community Dev Bonds	3/8/2012	12/1/2031	2.00-3.25%	6,165,000	5,915,000
Tax-exempt issues					
Refunding Bonds	3/1/2002	9/1/2018	2.13-4.75%	7,335,000	315,000
Community Dev Bonds	2/12/2008	8/1/2022	3.15%	3,520,000	2,295,000
Promissory Note	11/18/2008	10/1/2018	3.00-4.30%	1,740,000	725,000
Corp Purpose Bonds	8/8/2011	8/1/2026	0.085-3.90%	6,390,000	4,750,000
Community Dev Bonds	3/8/2012	12/1/2028	2.00-3.50%	1,990,000	1,890,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.00-3.00%	4,065,000	3,515,000
Refunding Bonds	12/30/2013	12/30/2022	2.00-3.00%	5,290,000	4,815,000
Corp Purpose Bonds	10/23/2014	4/1/2034	2.00-3.00%	4,070,000	3,935,000
Community Dev Bonds	1/22/2015	5/1/2022	2.10-3.00%	8,050,000	8,050,000
NSFD Note Payables					
Whitefish Bay	9/1/2002	4/1/2022	2.00-3.00%	897,184	393,499
Bayside	8/1/2003	8/1/2023	0.80-2.30%	468,050	223,364
Total Governmental Activities General Obligation Debt					<u>\$ 40,488,491</u>
Business-type Activities					
Taxable Corp Purp Bonds	5/11/2010	5/1/2025	1.00-5.20%	\$ 143,446	\$ 108,372
Tax-exempt issues					
Clean Water Fund	6/15/1998	5/1/2018	2.64%	988,737	276,878
State Trust Fund Loan	4/22/2004	3/15/2019	3.75%	129,000	43,373
Promissory Notes	12/20/2006	4/1/2016	3.60-3.65%	1,165,000	180,000
Promissory Notes	11/18/2008	10/1/2018	3.00-4.30%	595,000	280,000
Corp Purpose Bonds	8/8/2011	8/1/2026	0.085-3.90%	2,175,000	1,895,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.00-3.00%	5,400,000	4,880,000
Corp Purpose Bonds	10/23/2014	4/1/2034	2.00-3.00%	1,990,000	1,915,000
Total Business-Type Activities General Obligation Debt					<u>\$ 9,578,623</u>
Total General Obligation Debt					<u>\$ 50,067,114</u>

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
2016	\$ 2,890,250	\$ 1,168,038	\$ 748,272	\$ 250,728
2017	3,212,474	1,084,724	606,523	232,313
2018	3,578,825	991,959	639,853	215,551
2019	3,294,302	890,984	471,070	198,501
2020	3,355,259	800,980	480,246	186,120
2021 - 2025	12,397,379	2,740,846	2,882,659	726,438
2026 - 2030	8,325,002	1,333,685	2,560,000	358,503
2031 - 2035	3,435,000	271,888	1,190,000	61,358
Totals	<u>\$ 40,488,491</u>	<u>\$ 9,283,104</u>	<u>\$ 9,578,623</u>	<u>\$ 2,229,512</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 2015 were \$50,605 and \$10,194, respectively. The total outstanding balance at December 31, 2015 is \$2,255,000, of which the Village is responsible for \$393,499.

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 2015 were \$27,048 and \$3,996, respectively. The total outstanding balance at December 31, 2015 was \$1,280,000 of which \$223,361 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.

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.

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 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.

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

H. NET POSITION AND FUND BALANCES

Net Position

Net position reported on the government-wide statement of net position at December 31, 2015 includes the following:

Net Investment in Capital Assets	Governmental Activities	Business-Type Activities
Capital Assets		
Capital assets not being depreciated	\$ 4,821,320	\$ 371,332
Capital assets being depreciated	40,927,173	24,699,778
Accumulated depreciation	<u>(21,352,641)</u>	<u>(4,433,867)</u>
Total Capital Assets	<u>24,395,852</u>	<u>20,637,243</u>
Capital Related Debt		
General Obligation (G.O.) Debt	(40,488,491)	(9,578,627)
Discounts (Premiums) on Capital related debt	(305,081)	(115,626)
Less Noncapital Related Debt Issuances		
Whitefish Bay note	393,499	-
Bayside note	223,361	-
2005 Taxable G.O. Refunding Bonds	-	-
2010B Taxable G.O. Bonds	3,666,629	-
2011 G.O. Corp Purpose Bonds (portion)	1,519,674	-
2012 Community Development Bonds	5,915,000	-
2012 Taxable Community Development Bonds	1,890,000	-
2012 Corp Purpose Bonds (portion)	1,746,691	230,000
2013 Tax Exempt G.O. Refunding Bonds (portion)	4,009,079	-
2014 Corp Purpose Bonds (portion)	1,919,158	-
2015 Community Development Bonds	<u>8,050,000</u>	<u>-</u>
Total Capital Related Debt	<u>(11,460,481)</u>	<u>(9,464,253)</u>
Unspent Capital Related Bond Proceeds	<u>49,057</u>	<u>72,616</u>
Net Investment in Capital Assets	<u>\$ 12,984,428</u>	<u>\$ 11,245,606</u>

A portion of governmental activities borrowings are considered to be noncapital for the governmental activities column, but are considered to be capital related for the total column in the statement of net position. The amount of this adjustment is \$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.

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

H. NET POSITION AND FUND BALANCES (continued)

Fund Balances

Fund balances reported on the governmental fund financial statements as of December 31, 2015 within the restricted, committed, and assigned classifications can be further detailed as follows:

<u>Classification/Fund</u>	<u>Amount</u>	<u>Purpose</u>
Restricted		
Capital Projects Fund	\$ 121,673	Unspent Bond proceeds
TID No. 1 Fund	1,490,335	TID plan purposes
TID No. 3 Fund	1,122,519	TID plan purposes
TID No. 4 Fund	3,555,627	TID plan purposes
TID No. 5 Fund	202,978	TID plan purposes
Nonmajor Funds	71,820	Library reserves
Total Restricted	<u>\$ 6,564,952</u>	
Committed		
Debt Service Fund	\$ 4,062	Debt service activities
Nonmajor Funds	21,431	Senior Services activities
Nonmajor Funds	23,900	Village marketing activities
Nonmajor Funds	16,727	Shorewood Today magazine
Nonmajor Funds	30,023	Police department activities
Nonmajor Funds	20,910	Public Art activities
Total Nonmajor Funds	112,991	
Total Committed	<u>\$ 117,053</u>	
Assigned		
General Fund	\$ 287,939	Neighborhood loan program
General Fund	73,343	Future retirement costs
General Fund	38,000	2016 capital budget transfer
Total General Fund	399,282	
Capital Projects Fund	437,028	Future capital projects and equipment
Total Assigned	<u>\$ 836,310</u>	

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 2015.

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 \$62,097. The bank value was \$62,656 the difference is due to outstanding checks and deposits in transit.

c. Facade Improvement Program

The BID is administrating a facade program for the Village's TID No. 1 Fund. The facade improvement program has been funded periodically by a grant from the TID No. 1. In 2015, the TID No. 1 Fund contributed \$10,000 for administration and a \$45,000 grant for future façade improvements. Unspent funds at the end of the grant period revert back to TID No. 1.

NOTE IV – OTHER INFORMATION

A. PRIOR PERIOD ADJUSTMENTS

During the fiscal year, the Village recorded a prior period adjustment to recognize the effect of recording the Net Pension Asset resulting from its participation in WRS for its employees' pension as well as the contributions made between the measurement date used for WRS as of December 31, 2013 and the date its financial statements in the prior year of December 31, 2014.

The Village also recorded a prior period adjustment to eliminate the pension liabilities previously reported under long term obligations as this amount is now included in the WRS net pension asset (liability) adjustment above as part of the Village's GASB 68 restatement. This adjustment caused an increase in the unrestricted net position (deficit) in the Governmental Activities of \$288,933 as of December 31, 2014.

The Village also recorded a prior period adjustment to recognize amounts receivable from water and sewer customers that were earned but not yet billed. The adjustment caused an increase in the unrestricted net position (deficit) in the Water Utility Fund of \$208,500 and in the Sewer Utility Fund of \$244,000 as of December 31, 2014.

	Governmental Activities	Water Fund	Sewer Fund	Total Business Type Activities	Grand Total
Net position as reported for December 31, 2014	\$ 213,941	\$ 1,393,412	\$ 7,947,067	\$ 9,905,792	\$ 10,119,733
Net pension asset	1,490,914	90,369	62,562	152,931	1,643,845
Deferred outflows for contributions made after the measurement date	360,170	21,831	15,113	36,944	397,114
Elimination of pension related liability	288,933	-	-	-	288,933
Record unbilled utility charges	-	208,500	244,000	452,500	452,500
Net position, December 31, 2014, as restated	<u>\$ 2,353,958</u>	<u>\$ 1,714,112</u>	<u>\$ 8,268,742</u>	<u>\$ 10,548,167</u>	<u>\$ 12,902,125</u>

B. EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

Vesting. 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, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

NOTE IV – OTHER INFORMATION (continued)

B. EMPLOYEES' RETIREMENT SYSTEM (continued)

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Adjustment	Fund	Variable Adjustment	Fund
2005	2.6%		7%	
2006	0.8		3	
2007	3.0		10	
2008	6.6		0	
2009	(2.1)		(42)	
2010	(1.3)		22	
2011	(1.2)		11	
2012	(7.0)		(7)	
2013	(9.6)		9	
2014	4.7		25	

NOTE IV – OTHER INFORMATION (continued)

B. EMPLOYEES' RETIREMENT SYSTEM (continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$397,114 in contributions from the employer.

Contribution rates as of December 31, 2015 are:

Employee Category	Employee	Employer
General (including teachers)	6.8%	6.8%
Executives & Elected Officials	7.7%	7.7%
Protective with Social Security	6.8%	9.5%
Protective without Social Security	6.8%	13.1%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Village reported a liability (asset) of (\$1,006,498) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2013 rolled forward to December 31, 2014. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension liability (asset) was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2014, the Village's proportion was 0.04097664%, which was a decrease of 0.0007189% from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Village recognized pension expense of \$399,627.

NOTE IV – OTHER INFORMATION (continued)

B. EMPLOYEES’ RETIREMENT SYSTEM (continued)

At December 31, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$145,910	\$0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	487,395	0
Changes in proportion and differences between employer contributions and proportionate share of contributions	20,428	0
Employer contributions subsequent to the measurement date	413,122	0
Total	\$1,066,855	\$0

\$413,122 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2015	\$128,361	0
2016	128,361	0
2017	128,361	0
2018	128,361	0
2019	128,361	0
Thereafter	11,927	0

NOTE IV – OTHER INFORMATION (continued)**B. EMPLOYEES' RETIREMENT SYSTEM** (continued)

Actuarial assumptions. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2013
Measurement Date of Net Pension Liability (Asset)	December 31, 2014
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.8%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2012 using experience from 2009 – 2011. The total pension liability for December 31, 2014 is based upon a roll-forward of the liability calculated from the December 31, 2013 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equities	5.3%	21%
International Equities	5.7	23%
Fixed Income	1.7	36%
Inflation Sensitive Assets	2.3	20%
Real Estate	4.2	7%
Private Equity/Debt	6.9	7%
Multi-Asset	3.9	6%
Cash	0.9%	-20%

NOTE IV – OTHER INFORMATION (continued)

B. EMPLOYEES' RETIREMENT SYSTEM (continued)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the Village of Shorewood's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the Village of Shorewood's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
Village of Shorewood's proportionate share of the net pension liability (asset)	\$2,839,505	(\$1,006,498)	(\$4,043,916)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements which are available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

NOTE IV – OTHER INFORMATION (continued)

C. 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 2015, total contributions to the plan were \$242,999. Of this amount, \$134,129 was payments made by the Village and the remainders of the total contributions were from member contributions and implicit rate subsidy.

	Actives					Retirees			
	Single	Family	Waived	None	Total	Single	Family	None	Total
General	12	26	12	37	87	2	1	0	3
Protective	6	16	9	1	32	4	0	4	8
Totals	18	42	21	38	119	6	1	4	11

NOTE IV – OTHER INFORMATION (continued)

C. 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	31,886
Adjustment to annual required contribution	<u>(30,754)</u>
Annual OPEB cost (expense)	246,604
Contributions made	<u>(242,999)</u>
Increase in net OPEB liability	3,605
Net OPEB Liability - Beginning of Year	<u>797,054</u>
Net OPEB Liability - End of Year	<u>\$ 800,659</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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
12/31/2013	\$ 210,913	74%	\$ 728,327
12/31/2014	246,504	72%	797,054
12/31/2015	246,604	99%	800,659

The funded status of the plan as of December 31, 2015 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 OPEB (active plan members)	\$ 4,871,771
UAAL as a percentage of covered payroll	56.98%

NOTE IV - OTHER INFORMATION (continued)

C. 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 4.0% 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 3.0% 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, 2015 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.

D. 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.

NOTE IV - OTHER INFORMATION (continued)

D. 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 2015, the Village's financial responsibility towards this service was made up of annual operational costs of \$313,780, and \$6,091 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. 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, 2015 is available directly from the NSPSCC's office at 5300 N. Marlborough Drive, Whitefish Bay, WI 53217.

North Shore Fire Department

The City of Glendale and the Villages of Fox Point, Bayside, Brown Deer, River Hills, Shorewood, and Whitefish Bay jointly operate the North Shore Fire Department (NSFD) under an agreement dated December 31, 1994. The NSFD furnishes fire and emergency medical services. The 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 2015 was \$2,055,934 and \$195,836 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.

NOTE IV - OTHER INFORMATION (continued)

D. 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 \$130,981 to NSHD for 2015 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.

E. 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.

F. 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.

NOTE IV - OTHER INFORMATION (continued)

F. COMMITMENTS AND CONTINGENCIES (continued)

The Village entered into a developer agreement in 2012 which calls for a grant totaling \$8.65 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 \$122,000 of this grant remains in escrow reserve as of December 31, 2015. 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.

The Village entered into a developer agreement in 2014 which calls for a grant totaling \$1.7 million. This agreement calls for the developer to construct a 4 story structure with 59 units for assisted living and 35 units for memory care. These funds have not yet been disbursed. The funding for the grant was provided in 2015 through debt issuance and any amounts not yet disbursed are shown as restricted cash within TID No. 3.

G. 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. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans that administer benefits on behalf of governments and replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The statement builds upon the existing framework for financial reports of defined benefit OPEB plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 74 enhances note disclosures and RSI for both defined benefit and defined contribution OPEB plans. Statement No. 74 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. The provisions in Statement No. 74 are effective for OPEB plan or sponsoring employer financial statements for the fiscal year ended April 30, 2018.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments and replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as they relate to governments that provide benefits through OPEB plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 75 requires governments providing defined benefit OPEB to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). The provisions in Statement No.75 are effective for financial statements for the fiscal year ended April 30, 2019.

NOTE IV - OTHER INFORMATION (continued)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS (continued)

- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, reduces the generally accepted accounting principles (GAAP) hierarchy to two categories of authoritative GAAP: officially established accounting principles – GASB Statements (Category A) and GASB Technical Bulletins; GASB Implementation Guides; and literature of the American Institute of Certified Public Accountants cleared by the GASB (Category B). Statement No. 76 also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is applicable for the fiscal year ending April 30, 2017 and should be applied retroactively. Earlier application is permitted.
- Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this statement are effective for financial statements for the fiscal ending April 30, 2017.
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*, establishes requirements for pensions provided to employees of state or local government employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local government pension plan, (2) is used to provided defined benefit pensions to both employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The requirements of this statement are effective for the fiscal year ending April 30, 2017.
- Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The requirements of this statement are effective for the fiscal year ending April 30, 2017.
- Statement No. 80, *Blending Requirements for Certain Component Units*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

NOTE IV - OTHER INFORMATION (continued)

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS (continued)

- Statement No. 81, *Irrevocable Split-interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016. Earlier application is encouraged. 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

- Statement No. 82, *Pension Issues*, address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

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, 2015

(continued)

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 7,997,921	\$ 7,997,921	\$ -
Intergovernmental	1,062,353	1,069,487	7,134
Licenses and permits	541,500	579,720	38,220
Fines	631,530	448,231	(183,299)
Charges for services	300,714	276,204	(24,510)
Investment income	130,933	131,403	470
Other revenues	158,181	164,751	6,570
TOTAL REVENUES	<u>10,823,132</u>	<u>10,667,717</u>	<u>(155,415)</u>
EXPENDITURES			
General Government			
Board	19,234	20,626	(1,392)
Court	100,663	98,333	2,330
Manager	279,819	292,681	(12,862)
Clerk	217,083	158,587	58,496
Elections	17,381	11,554	5,827
Customer service	122,686	124,915	(2,229)
Finance	149,742	157,575	(7,833)
Other general administration	205,452	214,652	(9,200)
Total General Government	<u>1,112,060</u>	<u>1,078,923</u>	<u>33,137</u>
Public Safety			
Police department	3,740,051	3,615,818	124,233
Planning and building inspection	421,904	384,176	37,728
Fire and other public safety	2,821,342	2,842,782	(21,440)
Total Public Safety	<u>6,983,297</u>	<u>6,842,776</u>	<u>140,521</u>
Public Works			
Public Works			
Public works administration	340,938	339,225	1,713
Building maintenance	211,362	252,308	(40,946)
Municipal garage	321,825	309,274	12,551
Street and alley	69,404	95,139	(25,735)
Street sweeping	16,550	17,109	(559)
Street lighting	183,352	171,724	11,628
Street signals	23,192	22,940	252

See independent auditors' report and accompanying notes to 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, 2015

(concluded)

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES (continued)			
Public Works (continued)			
Public Works (continued)			
Street marking	\$ 22,415	\$ 6,547	\$ 15,868
Winter maintenance	165,460	139,295	26,165
Refuse disposal	535,121	516,106	19,015
Recycling	170,464	177,607	(7,143)
Yard waste/leaf collection	142,168	149,207	(7,039)
Total Public Works	<u>2,202,251</u>	<u>2,196,481</u>	<u>5,770</u>
 Health Department	 <u>145,712</u>	 <u>145,037</u>	 <u>675</u>
 Culture and Recreation			
Parks and beautification	195,190	220,806	(25,616)
Village center	8,213	5,963	2,250
Atwater beach	53,467	51,172	2,295
Celebrations	19,036	38,392	(19,356)
Total Culture and Recreation	<u>275,906</u>	<u>316,333</u>	<u>(40,427)</u>
 Conservation and Development			
Forestry	<u>256,406</u>	<u>238,261</u>	<u>18,145</u>
Total Conservation and Development	<u>256,406</u>	<u>238,261</u>	<u>18,145</u>
TOTAL EXPENDITURES	<u>10,975,632</u>	<u>10,817,811</u>	<u>157,821</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(152,500)</u>	 <u>(150,094)</u>	 <u>2,406</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	152,500	178,235	25,735
Transfers out	<u>-</u>	<u>(28,000)</u>	<u>(28,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>152,500</u>	<u>150,235</u>	<u>(2,265)</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ 141</u>	 <u>\$ 141</u>
 FUND BALANCES - BEGINNING OF YEAR		 <u>6,280,627</u>	
 FUND BALANCES - END OF YEAR		 <u>\$ 6,280,768</u>	

See independent auditors' report and accompanying notes to required supplementary information.

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)
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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.

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF SHOREWOOD

**REQUIRED SUPPLEMENTARY INFORMATION
WISCONSIN RETIREMENT SYSTEM**

PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

Last 10 Fiscal Years*

	2015
Village of Shorewood's proportion of the net pension liability (asset)	0.04097664%
Village of Shorewood's proportionate share of the net pension liability (asset)	(\$1,006,498)
Village of Shorewood's covered-employee payroll	\$4,792,475
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%
Proportionate share of the collective net pension (asset) as a percentage of the Village's covered payroll	-21.00%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

SCHEDULE OF VILLAGE OF SHOREWOOD CONTRIBUTIONS

Last 10 Fiscal Years*

Contractually required contributions	\$397,114
Contributions in relation to the contractually required contributions	(\$397,114)
Contribution deficiency (excess)	\$0
Village of Shorewood's covered-employee payroll	\$4,792,475
Contributions as a percentage of covered-employee payroll	8.29%

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year

See independent auditors' report and accompanying notes to required supplementary information.

VILLAGE OF SHOREWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and For the Year Ended December 31, 2015

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, Senior Resource Center, Marketing, Shorewood Today, and Police Special Funds. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

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	Department / Division	Final Budget	Expenditures	Excess
General Fund	Board	\$ 19,234	\$ 20,626	\$ 1,392
	Manager	279,819	292,681	12,862
	Customer Service	122,686	124,915	2,229
	Finance	149,742	157,575	7,833
	Other General Admin	205,452	214,652	9,200
	Other Public Safety	2,821,342	2,842,782	21,440
	Building Maintenance	211,362	252,308	40,946
	Street and Alley	69,404	95,139	25,735
	Street Sweeping	16,550	17,109	559
	Recycling	170,464	177,607	7,143
	Yard waste/leaf collection	142,168	149,207	7,039
	Parks	195,190	220,806	25,616
	Village Celebrations	19,036	38,392	19,356
	Transfers out	-	28,000	28,000
Other Funds	Library	\$ 946,885	\$ 981,071	\$ 34,186
	Marketing	107,315	152,275	44,960
	Shorewood Today	64,283	66,405	2,122
	Public Art	-	34,284	34,284
	TID #1	114,535	132,729	18,194
	TID #4	4,524	8,675	4,151
	TID #5	70,184	5,623,715	5,553,531

C. Wisconsin Retirement System

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. There were no changes in the assumptions.

See independent auditors' report.

SUPPLEMENTARY
INFORMATION

VILLAGE OF SHOREWOOD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2015

(continued)

	Special Revenue Funds		
	Library	Senior Services	Marketing Shorewood
ASSETS			
Cash and cash equivalents	\$ 510,715	\$ 86,249	\$ 54,878
Taxes receivable	347,136	43,934	18,823
Accounts receivable	-	18,737	-
Prepays	2,559	573	-
Restricted assets - cash and cash equivalents	71,820	-	-
TOTAL ASSETS	\$ 932,230	\$ 149,493	\$ 73,701
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 8,570	\$ 1,865	\$ 4,801
Accrued liabilities	19,391	1,854	-
Total Liabilities	27,961	3,719	4,801
Deferred Inflows of Resources			
Taxes levied for subsequent year's budget	829,890	105,033	45,000
Unavailable revenues	-	18,737	-
Total Deferred Inflows of Resources	829,890	123,770	45,000
Fund Balances (Deficits)			
Nonspendable - prepaids	2,559	573	-
Restricted	71,820	-	-
Committed	-	21,431	23,900
Total Fund Balances (Deficit)	74,379	22,004	23,900
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 932,230	\$ 149,493	\$ 73,701

See independent auditors' report.

(concluded)

Special Revenue Funds			Total
Shorewood Today	Police Special Funds	Public Art Funds	Nonmajor Governmental Funds
\$ 22,743	\$ 30,023	\$ 20,910	\$ 725,518
2,342	-	-	412,235
-	-	-	18,737
309	-	-	3,441
-	-	-	71,820
<u>\$ 25,394</u>	<u>\$ 30,023</u>	<u>\$ 20,910</u>	<u>\$ 1,231,751</u>
\$ 2,758	\$ -	\$ -	\$ 17,994
-	-	-	21,245
<u>2,758</u>	<u>-</u>	<u>-</u>	<u>39,239</u>
5,600	-	-	985,523
-	-	-	18,737
<u>5,600</u>	<u>-</u>	<u>-</u>	<u>1,004,260</u>
309	-	-	3,441
-	-	-	71,820
<u>16,727</u>	<u>30,023</u>	<u>20,910</u>	<u>112,991</u>
<u>17,036</u>	<u>30,023</u>	<u>20,910</u>	<u>188,252</u>
<u>\$ 25,394</u>	<u>\$ 30,023</u>	<u>\$ 20,910</u>	<u>\$ 1,231,751</u>

See independent auditors' report.

VILLAGE OF SHOREWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

(continued)

	Special Revenue Funds		
	Library	Senior Services	Marketing Shorewood
REVENUES			
Taxes	\$ 812,514	\$ 100,003	\$ 45,000
Intergovernmental	78,489	6,247	-
Charges for services	48,935	28,663	26,500
Investment income	60	-	-
Other revenues	45,427	29,198	54,038
Total Revenues	<u>985,425</u>	<u>164,111</u>	<u>125,538</u>
EXPENDITURES			
Current			
General government	-	-	71,382
Health and social services	-	162,016	-
Culture and recreation	963,814	-	80,893
Capital Outlay	17,257	-	-
Total Expenditures	<u>981,071</u>	<u>162,016</u>	<u>152,275</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,354</u>	<u>2,095</u>	<u>(26,737)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	23,200
Transfers out	(9,890)	-	(5,100)
Total Other Financing Sources (Uses)	<u>(9,890)</u>	<u>-</u>	<u>18,100</u>
Net Change in Fund Balance	(5,536)	2,095	(8,637)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>79,915</u>	<u>19,909</u>	<u>32,537</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 74,379</u>	<u>\$ 22,004</u>	<u>\$ 23,900</u>

See independent auditors' report.

(concluded)

<u>Special Revenue Funds</u>			<u>Total</u>
<u>Shorewood</u> <u>Today</u>	<u>Police</u> <u>Special</u> <u>Funds</u>	<u>Public</u> <u>Art</u> <u>Funds</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
\$ 5,100	\$ -	\$ -	\$ 962,617
-	6,556	-	91,292
57,560	-	-	161,658
-	-	-	60
-	-	24,378	153,041
<u>62,660</u>	<u>6,556</u>	<u>24,378</u>	<u>1,368,668</u>
66,405	-	-	137,787
-	-	-	162,016
-	-	34,284	1,078,991
-	-	-	17,257
<u>66,405</u>	<u>-</u>	<u>34,284</u>	<u>1,396,051</u>
<u>(3,745)</u>	<u>6,556</u>	<u>(9,906)</u>	<u>(27,383)</u>
5,100	-	-	28,300
-	-	-	(14,990)
<u>5,100</u>	<u>-</u>	<u>-</u>	<u>13,310</u>
1,355	6,556	(9,906)	(14,073)
<u>15,681</u>	<u>23,467</u>	<u>30,816</u>	<u>202,325</u>
<u>\$ 17,036</u>	<u>\$ 30,023</u>	<u>\$ 20,910</u>	<u>\$ 188,252</u>

See independent auditors' 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, 2015

(continued)

	Library			Senior Services		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 812,514	\$ 812,514	\$ -	\$ 100,003	\$ 100,003	\$ -
Intergovernmental	78,271	78,489	218	6,000	6,247	247
Charges for services	52,000	48,935	(3,065)	35,473	28,663	(6,810)
Investment income	-	60	60	-	-	-
Other revenues	4,100	45,427	41,327	43,283	29,198	(14,085)
Total Revenues	<u>946,885</u>	<u>985,425</u>	<u>38,540</u>	<u>184,759</u>	<u>164,111</u>	<u>(20,648)</u>
EXPENDITURES						
Current						
Health and social services	-	-	-	184,759	162,016	22,743
Culture and recreation	946,885	963,814	(16,929)	-	-	-
Capital Outlay	-	17,257	(17,257)	-	-	-
Total Expenditures	<u>946,885</u>	<u>981,071</u>	<u>(34,186)</u>	<u>184,759</u>	<u>162,016</u>	<u>22,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>4,354</u>	<u>4,354</u>	<u>-</u>	<u>2,095</u>	<u>2,095</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	-	(9,890)	(9,890)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(9,890)</u>	<u>(9,890)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(5,536)</u>	<u>\$ (5,536)</u>	<u>\$ -</u>	<u>2,095</u>	<u>\$ 2,095</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>79,915</u>			<u>19,909</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 74,379</u>			<u>\$ 22,004</u>	

See independent auditors' 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, 2015

(continued)

	Marketing Shorewood			Shorewood Today		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 45,000	\$ 45,000	\$ -	\$ 5,100	\$ 5,100	\$ -
Charges for services	26,500	26,500	-	44,083	57,560	13,477
Other revenues	-	54,038	54,038	-	-	-
Total Revenues	<u>71,500</u>	<u>125,538</u>	<u>54,038</u>	<u>49,183</u>	<u>62,660</u>	<u>13,477</u>
EXPENDITURES						
Current						
General government	80,675	71,382	9,293	64,283	66,405	(2,122)
Culture and recreation	26,640	80,893	(54,253)	-	-	-
Total Expenditures	<u>107,315</u>	<u>152,275</u>	<u>(44,960)</u>	<u>64,283</u>	<u>66,405</u>	<u>(2,122)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(35,815)</u>	<u>(26,737)</u>	<u>9,078</u>	<u>(15,100)</u>	<u>(3,745)</u>	<u>11,355</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	29,465	23,200	(6,265)	5,100	5,100	-
Transfers out	(7,600)	(5,100)	2,500	-	-	-
Total Other Financing Sources (Uses)	<u>21,865</u>	<u>18,100</u>	<u>(3,765)</u>	<u>5,100</u>	<u>5,100</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (13,950)</u>	<u>(8,637)</u>	<u>\$ 5,313</u>	<u>\$ (10,000)</u>	<u>1,355</u>	<u>\$ 11,355</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>32,537</u>			<u>15,681</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 23,900</u>			<u>\$ 17,036</u>	

See independent auditors' 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, 2015

(concluded)

	Police Special Funds		
	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 3,840	\$ 6,556	\$ 2,716
Charges for services	600	-	(600)
Other revenues	-	-	-
Total Revenues	4,440	6,556	2,116
EXPENDITURES			
Current			
Public safety	4,440	-	4,440
Culture and recreation	-	-	-
Total Expenditures	4,440	-	4,440
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	6,556	6,556
Net Change in Fund Balance	-	6,556	6,556
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		23,467	
FUND BALANCES (DEFICIT) - END OF YEAR		\$ 30,023	

See independent auditors' report.

VILLAGE OF SHOREWOOD

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,511,274	\$ 1,511,274	\$ -
Investment income	1,000	-	(1,000)
Total Revenues	1,512,274	1,511,274	(1,000)
EXPENDITURES			
Debt Service			
Principal retirement	2,517,512	2,517,512	-
Interest and fiscal charges	1,312,301	1,150,070	162,231
Total Expenditures	3,829,813	3,667,582	162,231
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,317,539)	(2,156,308)	161,231
OTHER FINANCING SOURCES (USES)			
Transfers in	2,317,539	2,122,753	(194,786)
Total Other Financing Sources (Uses)	2,317,539	2,122,753	(194,786)
Net Change in Fund Balance	\$ -	(33,555)	\$ (33,555)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		37,617	
FUND BALANCE (DEFICIT) - END OF YEAR		\$ 4,062	

See independent auditors' report.

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUNDS
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2015

(continued)

	General Capital Projects		
	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 410,406	\$ 410,406	\$ -
Intergovernmental	485,822	643,841	158,019
Charges for services	150,000	285,059	135,059
Other Income	53,000	-	(53,000)
Total Revenues	<u>1,099,228</u>	<u>1,339,306</u>	<u>293,078</u>
EXPENDITURES			
Current			
Capital Outlay	2,359,381	1,675,744	683,637
Debt Service			
Principal retirement	-	77,653	(77,653)
Total Expenditures	<u>2,359,381</u>	<u>1,753,397</u>	<u>605,984</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,260,153)</u>	<u>(414,091)</u>	<u>899,062</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	-	34,354	34,354
Transfers in	1,260,153	28,000	(1,232,153)
Total Other Financing Sources (Uses)	<u>1,260,153</u>	<u>62,354</u>	<u>(1,197,799)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(351,737)</u>	<u>\$ (298,737)</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>939,997</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 588,260</u>	

See independent auditors' report.

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2015

(continued)

	TID No. 1			TID No. 3		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 1,410,000	\$ 1,401,383	\$ (8,617)	\$ -	\$ -	\$ -
Intergovernmental	37,000	32,462	(4,538)	8,000	6,532	(1,468)
Investment income	18,000	27,485	9,485	-	15,926	15,926
Other revenues	1,000	-	(1,000)	-	-	-
Total Revenues	<u>1,466,000</u>	<u>1,461,330</u>	<u>(3,670)</u>	<u>8,000</u>	<u>22,458</u>	<u>14,458</u>
EXPENDITURES						
Current						
Conservation and development	114,535	132,524	(17,989)	1,979,493	163,581	1,815,912
Debt Service						
Interest and fiscal charges	-	205	(205)	-	-	-
Bond Issuance costs	-	-	-	-	17,362	(17,362)
Total Expenditures	<u>114,535</u>	<u>132,729</u>	<u>(18,194)</u>	<u>1,979,493</u>	<u>180,943</u>	<u>1,798,550</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,351,465</u>	<u>1,328,601</u>	<u>(21,864)</u>	<u>(1,971,493)</u>	<u>(158,485)</u>	<u>1,813,008</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	-	-	-	1,860,000	1,860,000
Transfers out	<u>(1,400,753)</u>	<u>(1,400,753)</u>	-	<u>(127,487)</u>	<u>(107,247)</u>	<u>20,240</u>
Total Other Financing Sources (Uses)	<u>(1,400,753)</u>	<u>(1,400,753)</u>	-	<u>(127,487)</u>	<u>1,752,753</u>	<u>1,880,240</u>
Net Change in Fund Balance	<u>\$ (49,288)</u>	<u>(72,152)</u>	<u>\$ (21,864)</u>	<u>\$(2,098,980)</u>	<u>1,594,268</u>	<u>\$ 3,693,248</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>1,562,487</u>			<u>(471,749)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 1,490,335</u>			<u>\$ 1,122,519</u>	

See independent auditors' report.

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2015

(concluded)

	TID No. 4			TID No. 5		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 425,000	\$ 425,043	\$ 43	\$ -	\$ -	\$ -
Investment income	104,412	106,813	2,401	-	3,218	3,218
Total Revenues	<u>529,412</u>	<u>531,856</u>	<u>2,444</u>	<u>-</u>	<u>3,218</u>	<u>3,218</u>
EXPENDITURES						
Current						
Conservation and development	4,524	8,325	(3,801)	70,184	5,565,933	(5,495,749)
Debt Service						
Interest and fiscal charges	-	350	(350)	-	-	-
Bond issuance costs	-	-	-	-	57,782	(57,782)
Total Expenditures	<u>4,524</u>	<u>8,675</u>	<u>(4,151)</u>	<u>70,184</u>	<u>5,623,715</u>	<u>(5,553,531)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>524,888</u>	<u>523,181</u>	<u>(1,707)</u>	<u>(70,184)</u>	<u>(5,620,497)</u>	<u>(5,550,313)</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	-	-	-	6,190,000	6,190,000
Transfers out	(500,244)	(500,244)	-	(276,817)	(137,709)	139,108
Total Other Financing Sources (Uses)	<u>(500,244)</u>	<u>(500,244)</u>	<u>-</u>	<u>(276,817)</u>	<u>6,052,291</u>	<u>6,329,108</u>
Net Change in Fund Balance	<u>\$ 24,644</u>	<u>22,937</u>	<u>\$ (1,707)</u>	<u>\$ (347,001)</u>	<u>431,794</u>	<u>\$ 778,795</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>3,532,690</u>			<u>(228,816)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 3,555,627</u>			<u>\$ 202,978</u>	

See independent auditors' report.

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.	104-111
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	112-115
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.	116-119
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.	120-122
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.	123-125

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in										
capital assets	\$ 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	\$ 12,984,428
Restricted	417,552	473,970	288,443	299,467	282,499	53,585	74,174	3,739,908	74,263	2,019,443
Unrestricted	308,716	(535,887)	137,125	(126,768)	(2,792,958)	(6,318,265)	(7,115,016)	(8,209,666)	(10,297,407)	(17,620,916)
Total	<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>	<u>(2,617,045)</u>
Business-Type Activities										
Net investment in										
capital assets	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	11,245,606
Restricted	-	-	-	-	-	-	-	-	-	192,889
Unrestricted	1,199,873	825,750	257,910	208,047	(686,652)	(439,907)	(951,552)	(877,131)	(927,021)	(192,906)
Total	<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>	<u>11,245,589</u>
Primary Government										
Net investment in										
capital assets	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	21,063,832
Restricted	417,552	473,970	288,443	299,467	282,499	53,585	74,174	3,739,908	74,263	2,212,332
Unrestricted	1,508,589	289,863	395,035	81,279	(3,479,610)	(6,758,172)	(6,298,589)	(7,418,909)	(7,944,013)	(14,647,620)
Total	<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>	<u>\$ 8,628,544</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 2015 is \$3,166,202, 2014 was \$3,280,415, 2013 was \$1,667,888, and 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				
	2006	2007	2008	2009	2010
Expenses					
Governmental Activities:					
General government	\$ 989,767	\$ 1,139,323	\$ 1,074,631	\$ 1,144,251	\$ 1,207,164
Public safety	5,421,782	5,689,439	5,886,599	6,031,982	6,090,227
Public works	398,251	412,820	429,456	504,886	5,489,734
Health and social services	2,125,794	2,796,785	3,483,305	3,314,720	367,852
Culture and recreation	1,334,415	1,419,136	1,958,092	1,184,539	1,346,194
Conservation and development	698,032	605,611	857,009	1,631,759	2,528,039
Interest and fiscal charges	710,427	665,079	725,962	712,583	848,052
Total Government Activities Expenses	<u>11,678,468</u>	<u>12,728,193</u>	<u>14,415,054</u>	<u>14,524,720</u>	<u>17,877,262</u>
Business-Type Activities:					
Parking	148,956	155,513	162,030	159,878	171,855
Water Utility	962,936	1,034,205	1,058,469	1,125,213	1,179,876
Sewer Utility	944,940	1,103,932	1,226,171	1,308,994	1,309,817
Total Business-Type Activities Expenses	<u>2,056,832</u>	<u>2,293,650</u>	<u>2,446,670</u>	<u>2,594,085</u>	<u>2,661,548</u>
Total Primary Government Expenses	<u>13,735,300</u>	<u>15,021,843</u>	<u>16,861,724</u>	<u>17,118,805</u>	<u>20,538,810</u>
Program Revenues					
Governmental Activities:					
Charges for services	1,340,800	1,410,519	1,252,065	1,225,630	1,169,641
Operating grants and contributions	726,021	868,249	699,950	912,109	996,816
Capital grants and contributions	99,775	26,394	63,496	428,538	518,409
Total Governmental Activities Program Revenues	<u>2,166,596</u>	<u>2,305,162</u>	<u>2,015,511</u>	<u>2,566,277</u>	<u>2,684,866</u>
Business-Type Activities:					
Charges for services	2,040,297	2,141,154	2,110,966	2,286,517	2,377,259
Capital grants and contributions	-	-	-	-	11,886
Total Business-Type Activities Program Revenues	<u>2,040,297</u>	<u>2,141,154</u>	<u>2,110,966</u>	<u>2,286,517</u>	<u>2,389,145</u>
Total Primary Government Program Revenues	<u>4,206,893</u>	<u>4,446,316</u>	<u>4,126,477</u>	<u>4,852,794</u>	<u>5,074,011</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(continued)

	Fiscal Year				
	2006	2007	2008	2009	2010
Net (Expense)/Revenue					
Governmental Activities	\$ (10,423,031)	\$ (12,399,543)	\$ (11,958,443)	\$ (15,192,396)	\$ (14,026,017)
Business-Type Activities	(152,496)	(335,704)	(307,568)	(272,403)	1,304,360
Total Primary Government Net Expenses	<u>(10,575,527)</u>	<u>(12,735,247)</u>	<u>(12,266,011)</u>	<u>(15,464,799)</u>	<u>(12,721,657)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes	10,173,907	10,519,010	11,065,709	10,941,896	11,074,984
Intergovernmental revenues not restricted to specific programs	712,393	704,610	724,684	779,829	669,473
Investment income	632,340	742,490	463,533	93,157	205,858
Miscellaneous	290,332	317,335	243,211	373,436	327,509
Transfers	74,934	78,575	82,702	86,041	(11,298)
Total Governmental Activities	<u>11,883,906</u>	<u>12,362,020</u>	<u>12,579,839</u>	<u>12,274,359</u>	<u>12,266,526</u>
Business-Type Activities:					
Intergovernmental revenues not restricted to specific programs	-	-	-	-	-
Investment income	45,064	61,809	18,270	8,320	8,954
Special item	-	-	-	-	-
Transfers	(74,934)	(78,575)	(82,702)	(86,041)	11,298
Total Business-Type Activities	<u>(29,870)</u>	<u>(16,766)</u>	<u>(64,432)</u>	<u>(77,721)</u>	<u>20,252</u>
Total Primary Government	<u>11,854,036</u>	<u>12,345,254</u>	<u>12,515,407</u>	<u>12,196,638</u>	<u>12,286,778</u>
Change in Net Position					
Governmental Activities	1,460,875	(37,523)	621,396	(2,918,037)	(1,759,491)
Business-Type Activities	(182,366)	(352,470)	(372,000)	(350,124)	1,324,612
Total Primary Government	<u>\$ 1,278,509</u>	<u>\$ (389,993)</u>	<u>\$ 249,396</u>	<u>\$ (3,268,161)</u>	<u>\$ (434,879)</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

(continued)

	Fiscal Year				
	2011	2012	2013	2014	2015
Expenses					
Governmental Activities:					
General government	\$ 1,176,140	\$ 1,305,008	\$ 1,210,825	\$ 1,540,429	\$ 1,359,479
Public safety	6,855,057	6,988,644	7,039,505	7,032,842	7,074,189
Public works	4,146,710	3,422,047	4,134,351	4,122,520	4,301,872
Health and social services	363,298	299,287	300,698	303,352	308,447
Culture and recreation	1,712,091	1,283,662	1,345,701	1,486,916	1,602,289
Conservation and development	2,285,189	1,110,846	2,250,391	3,157,765	6,111,937
Interest and fiscal charges	884,021	1,367,838	1,078,014	1,037,714	1,225,924
Total Government Activities Expenses	<u>17,422,506</u>	<u>15,777,332</u>	<u>17,359,485</u>	<u>18,681,538</u>	<u>21,984,137</u>
Business-Type Activities:					
Parking	214,358	184,432	174,076	164,586	199,908
Water Utility	1,287,836	1,390,015	1,330,211	1,599,591	1,582,051
Sewer Utility	1,675,352	1,624,196	1,547,718	1,569,920	1,574,708
Total Business-Type Activities Expenses	<u>3,177,546</u>	<u>3,198,643</u>	<u>3,052,005</u>	<u>3,334,097</u>	<u>3,356,667</u>
Total Primary Government Expenses	<u>20,600,052</u>	<u>18,975,975</u>	<u>20,411,490</u>	<u>22,015,635</u>	<u>25,340,804</u>
Program Revenues					
Governmental Activities:					
Charges for services	1,271,890	1,319,962	1,459,202	1,549,691	1,465,825
Operating grants and contributions	1,089,423	1,025,336	1,030,409	1,122,171	1,151,164
Capital grants and contributions	1,035,176	200,913	484,729	506,550	471,375
Total Governmental Activities Program Revenues	<u>3,396,489</u>	<u>2,546,211</u>	<u>2,974,340</u>	<u>3,178,412</u>	<u>3,088,364</u>
Business-Type Activities:					
Charges for services	2,900,918	3,286,396	3,627,146	3,708,421	4,200,498
Capital grants and contributions	1,580,988	275,000	-	-	-
Total Business-Type Activities Program Revenues	<u>4,481,906</u>	<u>3,561,396</u>	<u>3,627,146</u>	<u>3,708,421</u>	<u>4,200,498</u>
Total Primary Government Program Revenues	<u>7,878,395</u>	<u>6,107,607</u>	<u>6,601,486</u>	<u>6,886,833</u>	<u>7,288,862</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(concluded)

	Fiscal Year				
	2011	2012	2013	2014	2015
Net (Expense)/Revenue					
Governmental Activities	\$ (13,231,121)	\$ (14,385,145)	\$ (14,385,145)	\$ (15,503,126)	\$ (18,895,773)
Business-Type Activities	362,753	575,141	575,141	374,324	843,831
Total Primary Government Net Expenses	<u>(12,868,368)</u>	<u>(13,810,004)</u>	<u>(13,810,004)</u>	<u>(15,128,802)</u>	<u>(18,051,942)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes	11,526,622	12,122,900	12,061,130	10,956,764	12,708,645
Intergovernmental revenues not restricted to specific programs	662,114	590,495	495,365	700,965	573,762
Investment income	160,354	246,596	225,305	212,176	297,035
Miscellaneous	299,913	173,987	189,940	182,287	176,983
Transfers	(1,126,517)	159,760	145,945	(1,731,036)	168,345
Total Governmental Activities	<u>11,522,486</u>	<u>13,293,738</u>	<u>13,117,685</u>	<u>10,321,156</u>	<u>13,924,770</u>
Business-Type Activities:					
Intergovernmental revenues not restricted to specific programs	158,800	53,994	30,225	-	-
Investment income	11,698	12,227	5,213	15,588	21,936
Special item	-	(300,000)	-	-	-
Transfers	1,126,517	(159,760)	(145,945)	1,731,036	(168,345)
Total Business-Type Activities	<u>1,297,015</u>	<u>(393,539)</u>	<u>(110,507)</u>	<u>1,746,624</u>	<u>(146,409)</u>
Total Primary Government	<u>12,819,501</u>	<u>12,900,199</u>	<u>13,007,178</u>	<u>12,067,780</u>	<u>13,778,361</u>
Change in Net Position					
Governmental Activities	(1,708,635)	(1,091,407)	(1,267,460)	(5,181,970)	(4,971,003)
Business-Type Activities	1,659,768	181,602	464,634	2,120,948	697,422
Total Primary Government	<u>\$ (48,867)</u>	<u>\$ (909,805)</u>	<u>\$ (802,826)</u>	<u>\$ (3,061,022)</u>	<u>\$ (4,273,581)</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 378,625	\$ 440,899	\$ 433,618	\$ 2,166,874	\$ 1,340,238	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	1,570,536
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	124,410	118,264	115,768	10,846	-
Assigned	-	-	-	-	-	441,399	444,898	372,554	199,907	399,282
Unassigned	-	-	-	-	-	3,745,364	3,002,031	3,967,631	4,267,073	4,310,950
Total General Fund	<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>	<u>6,280,768</u>
All Other Governmental Funds										
Reserved	1,379,544	1,389,895	1,228,012	1,247,724	1,715,451	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	516,894	593,378	576,808	828,547	616,708	-	-	-	-	-
Capital projects funds	2,002,943	605,708	1,327,202	823,392	2,946,343	-	-	-	-	-
Non-spendable	-	-	-	-	-	25,064	1,660	3,896,674	29,657	33,000
Restricted	-	-	-	-	-	2,964,160	13,477,045	8,610,058	5,473,327	6,564,952
Committed	-	-	-	-	-	10,201	12,551	30,527	117,643	117,053
Assigned	-	-	-	-	-	456,486	417,810	692,566	654,489	437,028
Unassigned (deficit)	-	-	-	-	-	(495,902)	(163,238)	(232,831)	(700,565)	-
Total	<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>	<u>7,152,033</u>
Total Fund Balances	<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>	<u>\$13,432,801</u>

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

VILLAGE OF SHOREWOOD

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

(continued)

	Fiscal Year				
	2006	2007	2008	2009	2010
Revenues					
Taxes	\$ 10,188,414	\$ 10,519,010	\$ 11,065,709	\$ 10,941,896	\$ 11,074,984
Intergovernmental revenue	1,641,700	1,620,241	1,577,672	1,859,463	1,784,758
Regulation and compliance	1,031,562	1,071,156	989,596	1,064,019	964,736
Fines	-	-	-	-	-
Charges for services	266,611	286,600	291,119	258,983	405,484
Special assessments	43,965	59,075	36,255	46,324	59,798
Investment income	632,220	742,491	463,532	93,155	191,674
Other revenues	169,254	238,288	216,079	432,380	261,624
Total Revenues	<u>13,973,726</u>	<u>14,536,861</u>	<u>14,639,962</u>	<u>14,696,220</u>	<u>14,743,058</u>
Expenditures					
Current					
General government	1,338,953	1,386,829	1,388,318	1,050,805	1,075,355
Public safety	5,426,565	5,635,635	5,727,558	5,872,096	6,155,896
Public works	1,654,596	1,848,499	2,005,840	1,882,244	1,877,680
Health and social services	450,327	424,026	458,895	529,898	381,643
Culture and recreation	897,602	1,076,822	1,085,955	1,254,578	1,401,219
Conservation and development	119,366	208,479	364,120	1,631,759	2,528,039
Capital Outlay	2,255,272	3,277,009	4,742,289	1,345,103	3,984,888
Debt Service					
Principal	1,090,869	1,317,997	2,975,419	1,089,495	1,183,677
Interest and fiscal charges	686,920	674,655	867,219	702,064	1,014,068
Total Expenditures	<u>13,920,470</u>	<u>15,849,951</u>	<u>19,615,613</u>	<u>15,358,042</u>	<u>19,602,465</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	53,256	(1,313,090)	(4,975,651)	(661,822)	(4,859,407)
Other Financing Sources (Uses)					
Transfers in	1,742,323	1,903,119	3,046,071	1,509,498	1,426,370
Transfers out	(1,667,389)	(1,824,544)	(2,963,369)	(1,423,457)	(1,329,204)
General obligation debt issued	920,000	-	5,260,000	-	8,461,554
Premium on bonds issued	-	-	-	-	-
Insurance recoveries	-	-	-	-	213,685
Payment on current refunding	-	-	-	-	(1,630,372)
Payment on advanced refunding	-	-	-	-	-
Payment of unfunded pension liability	-	-	-	-	-
Sale of property	17,116	40,122	21,139	-	7,876
Total Other Financing Sources (Uses)	<u>1,012,050</u>	<u>118,697</u>	<u>5,363,841</u>	<u>86,041</u>	<u>7,149,909</u>
Net Change in Fund Balances	<u>\$ 1,065,306</u>	<u>\$ (1,194,393)</u>	<u>\$ 388,190</u>	<u>\$ (575,781)</u>	<u>\$ 2,290,502</u>
Debt Service as a percentage of noncapital expenditures	14.20%	15.27%	24.03%	12.41%	11.92%

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				
	2011	2012	2013	2014	2015
Revenues					
Taxes	\$ 11,526,622	\$ 12,122,900	\$ 12,061,129	\$ 10,956,762	\$12,708,644
Intergovernmental revenue	1,819,587	1,738,798	1,459,011	2,142,252	1,843,614
Regulation and compliance	984,511	575,283	512,054	550,610	579,720
Fines	-	518,088	481,800	459,720	448,231
Charges for services	461,831	455,532	710,439	717,431	722,921
Special assessments	-	-	-	-	-
Investment income	154,326	258,836	225,409	209,163	284,905
Other revenues	<u>173,457</u>	<u>289,235</u>	<u>261,956</u>	<u>335,638</u>	<u>317,792</u>
Total Revenues	<u>15,120,334</u>	<u>15,958,672</u>	<u>15,711,798</u>	<u>15,371,576</u>	<u>16,905,827</u>
Expenditures					
Current					
General government	1,017,937	1,187,425	1,098,506	1,395,216	1,216,710
Public safety	6,654,552	6,659,581	6,696,353	6,697,663	6,842,776
Public works	1,998,131	1,872,165	2,012,248	2,105,901	2,196,481
Health and social services	378,314	322,481	305,189	309,231	307,053
Culture and recreation	1,216,690	1,078,581	1,155,021	1,259,898	1,395,324
Conservation and development	2,281,372	1,107,020	2,246,565	3,153,342	6,108,624
Capital Outlay	5,301,464	3,782,267	2,045,445	3,449,689	1,693,001
Debt Service					
Principal	1,283,566	1,620,382	1,951,186	5,659,845	2,595,165
Interest and fiscal charges	<u>962,548</u>	<u>1,254,978</u>	<u>1,148,822</u>	<u>1,002,471</u>	<u>1,225,769</u>
Total Expenditures	<u>21,094,574</u>	<u>18,884,880</u>	<u>18,659,335</u>	<u>25,033,256</u>	<u>23,580,903</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(5,974,240)	(2,926,208)	(2,947,537)	(9,661,680)	(6,675,076)
Other Financing Sources (Uses)					
Transfers in	1,335,181	1,548,631	7,691,962	1,774,524	2,357,288
Transfers out	(1,237,860)	(1,414,800)	(7,546,017)	(3,505,560)	(2,188,943)
General obligation debt issued	6,390,000	12,220,000	5,290,000	4,070,000	8,050,000
Premium on bonds issued	113,680	120,998	197,040	69,064	-
Insurance recoveries	93,734	-	-	-	-
Payment on current refunding	-	-	-	-	-
Payment on advanced refunding	(2,521,049)	-	(1,800,947)	-	-
Payment of unfunded pension liability	-	-	-	-	-
Sale of property	<u>3,142</u>	<u>41,889</u>	<u>18,309</u>	<u>5,375</u>	<u>34,354</u>
Total Other Financing Sources (Uses)	<u>4,176,828</u>	<u>12,516,718</u>	<u>3,850,347</u>	<u>2,413,403</u>	<u>8,252,699</u>
Net Change in Fund Balances	<u>\$ (1,797,412)</u>	<u>\$ 9,590,510</u>	<u>\$ 902,810</u>	<u>\$ (7,248,277)</u>	<u>\$ 1,577,623</u>
Debt Service as a percentage					
of noncapital expenditures	11.97%	17.46%	17.33%	29.49%	16.48%

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

VILLAGE OF SHOREWOOD

ASSESSSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

Valuation Year	Collection Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Assessed Value	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2006	2007	\$ 817,380,700	\$ 164,896,700	\$ -	\$ 7,764,110	\$ 990,041,510	\$ 1,458,604,600	67.88%
2007	2008	1,240,704,200	239,535,600	-	13,215,340	1,493,455,140	1,497,125,900	99.75%
2008	2009	1,248,790,400	239,476,500	-	12,139,780	1,500,406,680	1,492,579,200	100.52%
2009	2010	1,252,323,700	239,948,000	-	11,166,646	1,503,438,346	1,525,289,600	98.57%
2010	2011	1,248,898,500	230,760,300	-	9,391,001	1,489,049,801	1,437,686,900	103.57%
2011	2012	1,245,011,200	234,660,300	-	9,041,500	1,488,713,000	1,419,303,600	104.89%
2012	2013	1,239,108,900	229,699,100	-	10,394,300	1,479,202,300	1,300,467,300	113.74%
2013	2014	1,237,362,500	234,546,000	-	9,633,700	1,481,542,200	1,330,875,300	111.32%
2014	2015	1,240,487,400	251,441,200	-	9,698,500	1,501,627,100	1,431,921,200	104.87%
2015	2016	1,226,305,145	263,511,300	-	8,512,700	1,498,329,145	1,497,728,300	100.04%

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 2014 tax levy which is collected and shown as revenue in 2015.

To aid in the review of assessed values, the 2015 values which are used for revenue collected in 2016 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 2007 and 2015, 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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Direct Rates										
General Fund	\$ 7.07	\$ 4.69	\$ 4.90	\$ 5.03	\$ 5.18	\$ 4.31	\$ 6.39	\$ 5.28	\$ 5.33	\$ 5.42
Debt Service Fund	0.87	0.60	0.73	0.76	0.76	0.85	0.68	0.90	1.01	1.06
Capital Projects Fund	0.30	0.33	0.19	0.21	0.27	0.20	0.17	0.36	0.27	0.24
Library Fund	0.72	0.51	0.51	0.52	0.53	0.53	0.53	0.54	0.54	0.55
Senior Services	0.06	0.05	0.05	0.06	0.05	0.06	0.06	0.07	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	0.03
Total Direct Rates	<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>	<u>7.37</u>
Overlapping Rates										
Shorewood School District	15.50	11.07	11.33	11.83	12.22	12.29	12.19	12.44	12.67	13.13
Whitefish Bay School	-	-	-	-	0.00	0.00	0.00	0.00	0.00	0.00
State School Levy Credit	(2.73)	(2.01)	(2.01)	(1.97)	(1.96)	(1.96)	(1.97)	(1.96)	(1.94)	(2.23)
Milwaukee Area Technical College	2.49	1.69	1.76	1.88	1.79	1.71	1.86	1.91	1.16	1.19
Milwaukee County	5.53	3.71	3.80	4.08	4.16	4.14	4.43	4.61	4.65	4.86
Milwaukee Metropolitan Sewerage District	1.83	1.22	1.24	1.30	1.35	1.33	1.43	1.53	1.57	1.65
State Of Wisconsin	0.26	0.17	0.17	0.17	0.16	0.16	0.15	0.15	0.16	0.17
TID's	1.60	1.22	0.89	0.80	0.91	2.18	0.05	0.03	1.22	1.57
Total Overlapping Rates	<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>	<u>\$ 27.72</u>

Source: Village Records

In 2007 and 2015, 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

2006					2015				
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	1.26%	Karademas Enterprises I	Apartments	\$ 16,308,300	1	1.09%
River Park Development	Commercial	12,150,750	2	1.24%	Katz Properties	Commercial	12,799,500	3	0.85%
Oakland Ave Property LP	Commercial	6,384,300	3	0.65%	River Park Development	Commercial	12,022,600	4	0.80%
Fountainview	Commercial	6,023,450	4	0.61%	Eastmore Real Estate/Sobczak LLC	Commercial	11,810,000	2	0.79%
GG 3939 LLC	Apartments	3,377,980	5	0.34%	Fountain View	Apartments	8,100,000	5	0.54%
Montrose Apt	Apartments	3,080,660	6	0.31%	General Capital LLC	Commercial/Mix	7,662,700	8	0.51%
Robinson Family	Apartments	2,950,000	7	0.30%	Exchequer LLC	Commercial/Mix	7,500,000	6	0.50%
North Shore Apts	Apartments	2,887,890	8	0.29%	Oakland Ave Properties LP	Commercial	7,000,000	7	0.47%
Greenbrier	Apartments	2,809,350	9	0.29%	CHP Shorewood	Commercial	6,400,000	9	0.43%
New World (Witi)	Commercial	2,749,350	10	0.28%	Walgreens	Commercial	6,114,300	10	0.41%
Total		\$ 54,763,340		5.57%	Total		\$ 95,717,400		6.39%

Based on total Assessed Value as of January 1,
 2006 \$ 983,090,790
 2015 \$ 1,498,329,145

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	
				Amount	% of Levy
2006	2007	\$ 9,349,142	\$ 1,413	\$ 9,347,729	99.98%
2007	2008	9,717,203	12,390	9,704,813	99.87%
2008	2009	9,952,752	4,665	9,948,087	99.95%
2009	2010	10,184,923	2,064	10,182,859	99.98%
2010	2011	10,518,068	12,143	10,505,925	99.88%
2011	2012	9,645,304	7,998	9,637,306	99.92%
2012	2013	12,061,129	10,587	12,050,542	99.91%
2013	2014	10,776,128	3,830	10,772,298	99.96%
2014	2015	10,882,218	5,911	10,876,307	99.95%
2015	2016	11,046,002	4,620,448	6,425,554	58.17%

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 any remaining delinquent balances, excluding delinquent personal property taxes, and pays the Village. Thus any residual uncollected balances are typically very low.

The most recent year only includes taxes collected through 12/31 of the reporting year.

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	Debt Per Capita
	General Obligation Bonds/Notes	General Obligation Bonds/Notes	General Obligation Bonds/Notes	General Obligation Bonds/Notes			
2006	\$ 16,312,099	\$ 1,442,558	\$ 17,754,657		N/A	\$ 1,318.09	
2007	14,333,033	2,348,370	16,681,403		3.16%	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		9.60%	3,449.55	
2015	40,488,491	9,698,275	50,186,766		N/A	3,807.80	

Adjusted gross income data prior to 2007 is not available.
Current year adjusted gross income data is not yet available.

VILLAGE OF SHOREWOOD

RATIOS OF GENERAL BONDED DEBT OUTSTANDING Last Ten Fiscal Years

Fiscal Year	Total General Bonded Debt	Total Taxable Equalized Value	Ratio of General Bonded Debt to Equalized Property Value	Population	General Bonded Debt Per Capita
2006	\$ 17,754,657	\$ 1,458,604,600	1.22%	13,470	\$ 1,318.09
2007	16,681,403	1,497,125,900	1.11%	13,440	1,241.18
2008	19,929,383	1,492,579,200	1.34%	13,425	1,484.50
2009	18,652,079	1,525,289,600	1.22%	13,360	1,396.11
2010	24,124,045	1,437,686,900	1.68%	13,350	1,807.04
2011	28,700,546	1,419,303,600	2.02%	13,177	2,178.08
2012	44,359,083	1,300,467,300	3.41%	13,170	3,368.19
2013	45,483,874	1,330,875,300	3.42%	13,174	3,452.55
2014	45,444,343	1,431,921,200	3.17%	13,183	3,447.19
2015	50,186,766	1,497,728,300	3.35%	13,180	3,807.80

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
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%
2015	1,497,728,300	74,886,415	50,186,766	24,699,649	67.02%

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, 2015

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village of Shorewood	\$ 40,488,491	100%	\$ 40,488,491
Milwaukee Area Technical College	152,570,000	2.029%	3,095,645
Milwaukee County	662,419,246	2.530%	16,757,882
Shorewood School District	23,005,000	100.0%	23,005,000
Whitefish Bay School District	14,610,000	0.021%	3,020
Milwaukee Metropolitan Sewage District	946,756,819	2.578%	24,409,284
Total Overlapping	<u>1,799,361,065</u>		<u>67,270,832</u>
Total Direct and Overlapping Debt	<u>\$ 1,839,849,556</u>		<u>\$ 107,759,323</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
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	22,406	26,963	7.90%	6.30%
2014	13,183	473,322,660	35,904	22,507	27,671	6.00%	4.50%
2015	13,180	-	-	-	-	5.10%	4.20%

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) 2015 Adjusted Gross Income is not yet available.

VILLAGE OF SHREWOOD

PRINCIPAL EMPLOYERS
 Nine Years Ago and Current Year

(continued)

Employer	Type of Business	2015		
		Number of Employees (1)	Rank	% of Total County Employment
School District of Shorewood	Education	300	1	0.04%
Village of Shorewood	Municipal government	83	2	0.01%
St. Roberts Parish	Education	60	3	0.01%
Walgreens	Retail/Pharmacy	40	4	0.00%
Baker's Square	Restaurant	33	5	0.00%
Ladea Medical Aesthetics-Laseer	Medical	25	6	0.00%
Shorewood Animal Hospital	Veterinary Care	22	7	0.00%
Sendik's	Retail/Grocery	20	8	0.00%
Culver's	Restaurant	20	9	0.00%
City Market	Restaurant	20	10	0.00%
Total		623		0.08%
Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave.				821,707

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	2006		
		Number of Employees (1)	Rank	% of Total County Employment
School District of Shorewood	Education	302	1	0.07%
Village of Shorewood	Government	106	2	0.02%
Ab Data LTD	Data Services	100	3	0.02%
Total		508		0.11%
Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave.				757,239

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Village Employees (1)										
General Government										
Village manager	2.80	3.75	1.50	1.50	1.50	1.80	2.00	2.00	2.00	2.00
Customer service	-	-	3.00	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	2.00
Clerk/Treasurer	4.86	4.86	1.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00
Planning and development	2.50	2.50	4.50	4.50	4.50	5.50	5.00	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	32.00	32.00	32.00	32.00	32.00	31.90	31.90	31.80	31.80	31.80
Health (2)	2.59	2.59	2.59	2.59	2.59	2.81	-	-	-	-
Public works	22.49	22.49	22.39	22.39	22.39	22.39	21.85	21.85	21.85	21.85
Culture and Recreation										
Library	11.50	11.50	11.50	11.50	11.50	13.46	13.46	13.25	13.25	13.25
Senior resource center	0.90	0.90	0.90	0.90	0.90	0.90	0.90	1.10	1.10	1.10
Total	<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>	<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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	4,676,027
Streets (miles length)	-	-	-	-	-	28.04	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	291	308	310	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	268,763

VILLAGE OF SHOREWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Building permits issued	690	656	677	655	682	663	606	671	674	632
Valuation of building permits	\$ 14,125,384	\$ 18,795,188	\$ 9,100,000	\$ 14,000,000	\$ 9,034,033	\$ 13,500,596	\$ 47,446,093	\$ 9,905,000	\$ 24,433,513	\$ 19,512,673
Public Safety - Police										
Homicides	-	-	-	-	-	-	-	1	-	-
Forcible rape	1	1	4	4	3	1	-	2	-	-
Robbery	17	15	9	5	9	3	12	14	19	13
Assault	19	22	25	16	23	18	21	23	13	13
Total crimes against persons	37	38	38	25	35	22	33	40	32	26
Burglary	50	50	53	43	31	19	28	31	37	31
Theft	308	350	358	405	363	309	332	323	223	170
Motor vehicle thefts	20	20	16	14	8	7	14	23	17	14
Total crimes against property	378	420	427	462	402	335	374	377	277	215
Total Crimes Reported	415	458	465	487	437	357	407	417	309	241
DPW										
Tons of refuse	-	-	-	-	-	2,721	2,455	2,535	2,655	2,559
Tons of recycling	-	-	-	-	-	149	955	1,276	1,190	1,241
Library										
Visitors to the library	239,433	229,444	233,294	248,358	209,689	185,258	187,202	203,373	207,196	198,214
Items added	6,943	11,121	7,443	6,741	6,697	8,134	7,477	7,241	7,268	7,423
Items owned	71,640	76,549	81,537	81,503	81,966	85,076	159,357	166,499	257,293	277,522
Items checked out	313,757	313,007	319,797	364,285	361,381	359,768	350,603	356,862	365,777	327,489
Registered borrowers	11,000	11,607	12,020	9,323	9,197	9,083	9,191	10,068	10,949	11,645
Reference questions	17,511	17,285	16,236	17,384	20,632	19,841	16,310	13,158	13,004	14,005
Computer users	44,004	44,747	45,329	46,142	48,473	46,924	46,337	44,966	39,128	38,660
Electronic Media uses	1,324	1,736	1,817	3,924	4,932	4,376	6,475	5,220	8,112	10,775
Program attendance (2)	3,627	3,593	5,859	7,687	9,139	7,318	8,053	7,040	5,472	11,191
Water Utility										
Meters in service	3,544	3,541	3,538	3,538	3,538	3,535	3,535	3,522	3,534	3,534
Gallons sold	368,425	377,109	364,543	405,882	341,764	356,767	367,313	342,671	328,604	329,006

Various Village departments provided the information shown above.

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