

VILLAGE OF SHOREWOOD

Shorewood, Wisconsin

FINANCIAL STATEMENTS
Including Independent Auditors' Report

December 31, 2010

VILLAGE OF SHOREWOOD

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April 20, 2011

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

The Basic Financial Report of the Village of Shorewood for the year, ended December 31, 2010, is herein submitted. This report consists of management's representations concerning the finances of the Village of Shorewood. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Village of Shorewood has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Village of Shorewood's financial statements in conformity with generally accepted accounting principles (GAAP). As the cost of internal controls should not outweigh their benefits, the Village of Shorewood's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Village of Shorewood's financial statements have been audited by Baker Tilly Virchow Krause, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Village of Shorewood for the fiscal year ended December 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Village of Shorewood's financial statements for the fiscal year ended December 31, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Village of Shorewood's MD&A can be found immediately following the report of the independent auditors.

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.

The area of land currently known as the Village of Shorewood was acquired by the United States government in 1832, and originally grew as a part of the Town of Milwaukee, attracting settlers who strived to establish industries and communities in this area rich with the natural resources of water power and valuable timber. Residents of what is now the Village of Shorewood, eager to create their own unique community apart from Milwaukee, established a new entity through collaborative efforts at the polls.

Incorporated as the Village of East Milwaukee (with a population of 300) in August of 1900, Shorewood is the fourth oldest suburb in the Milwaukee area. The small unique Village grew to a population of 1,215 by 1913; cement sidewalks were added in 1910, street signs and gas mains in 1913. Richland Court became the first paved street in the Village in 1913. In 1917, the name of the Village was changed to Shorewood to more accurately reflect the beautifully unique environment that bordered Lake Michigan on the east,

which attracted both business and professional people to the Village of Shorewood; an exclusive community separated from the City of Milwaukee, but close to its many convenient resources. The community prospered, reaching a population of 13,479 by 1930, with a peak population of 16,199 in 1950. Today, with a stable population of 13,440, the 1.5 square mile community, the Village of Shorewood, is the most densely populated community in the State of Wisconsin.

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, public works, water and sewer services. In order to utilize economies of scale, the Village has entered into several intergovernmental agreements with other North Shore communities. The North Shore Fire Department was formed on January 1, 1995 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Brown Deer, and Whitefish Bay), which operates economically by sharing staff, equipment, and resources. The North Shore Dispatch Center was formed on April 2, 1991 through a cooperative agreement with two other communities (Whitefish Bay and Glendale) in efforts to both centralize operations and increase efficiency through the shared use of a facility, staff, equipment and other resources. The North Shore Cable Commission was formed on July 6, 1998 by a cooperative agreement with six other North Shore communities (Bayside, Fox Point, Glendale, River Hills, Brown Deer, and Whitefish Bay) to jointly provide public access television and public information. The Shorewood Health Department entered into a cooperative agreement with Whitefish Bay on January 18, 1993, with the intent that Shorewood is able to provide a wide range of public health services to the residents of Whitefish Bay more economically than those which could be provided by the individual community.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Village of Shorewood operates.

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 police and fire protection, public water system, library, health services, high quality schools, parks, 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 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. During 2003, two new condominium complexes were added to the Village; the Legacy, a forty unit residential housing complex, and the Metropolitan, a complex with twenty two residential units, and two commercial units. In 2010, the Cornerstone project added 25 apartments with four commercial spaces on the first floor.

Long Range Planning and Financial Policies

In 2005 the Village undertook a visioning plan. The plan was an effort to help define the ten year goals for the Village. This visioning project serves as the umbrella plan for several other initiatives, including comprehensive business district planning, positioning, branding initiatives, and long-range financial planning. This plan was updated in 2009.

One of the major components of our planning initiatives is to assure infrastructure maintenance is a priority. The commitment towards infrastructure can be seen with projects such as the Capitol Drive project discussed below. Annually, the Village Board reviews the long range Financial Management Plan which looks forward for the next seven 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 Financial Management Plan discusses the financial policy guidelines. One such guideline relates to General Fund, fund balances. The plan limits the reasons for using fund balance to capital, one-time, or investment in the community uses. The 2010 financial statements illustrate the responsible use of fund balance for capital purchases only and ending fund balances exceed minimum policy levels.

Current Year Initiatives

One of the more significant projects the Village engaged in during 2010 was the reconstruction of Capitol Drive in coordination with the State of Wisconsin Department of Transportation. Capitol Drive is a State owned highway and is the main east-west road through the Village. As one drives east into the Village along Capitol Drive, you drive under the County owned Oak Leaf Trail Bridge. Both the Bridge and the road are important visual aspects of life in Shorewood. During 2010 construction of the new pavements, curb and gutter, sidewalks, lighting and traffic signals began and will be completed during 2011.

During 2010 the Village experienced a federal disaster in that we received over 8" of rainfall in one evening. This resulted in over 800 homes and businesses experiencing basement back-ups. As a result of this incident the Village is currently reevaluating the priority of capital projects and storm water capacity.

The Village is in the process of completing a Comprehensive Sanitary Sewer, Storm and Drainage Facility Plan to address the aging sewer infrastructure. To date, the Village has held four public facility plan meetings in order to keep residents informed about specific possible infrastructure needs and obtain resident input on the plans. During 2011 the Village will continue to vet the proposals and determine the long range needs for sewer infrastructure.

ACKNOWLEDGEMENTS

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

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Village of Shorewood. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Moreover, the Village President, Trustees, and the Budget and Finance Committee must be commended for their support in striving to have the highest standards of professionalism in the management of the Village of Shorewood's finances.

Respectfully submitted,



M. Chris Swartz
Village Manager



Stephanie M. Walker, CPA
Finance Director

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INDEPENDENT AUDITORS' REPORT

To the Village Board
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, as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Shorewood's management. 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 represent 100% of the assets, net assets, 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 amounts 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Village Board
Village of Shorewood

The management's discussion and analysis, budgetary comparison for the general fund and the schedule of funding progress as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Shorewood's basic financial statements. The combining financial statements and schedules as 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 combining financial statements and schedules have been subjected to the auditing procedures applied by us and the report of other auditors in the audit of the basic financial statements and, in our opinion, based on our report and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Village of Shorewood. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

A handwritten signature in cursive script that reads "Baker Tilly Kitchow Krause LLP".

Milwaukee, Wisconsin
April 20, 2011



MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2010
(Unaudited)

The Village of Shorewood's management offers this narrative overview and analysis of the Village's financial statements for the fiscal year ended December 31, 2010. 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

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

- The assets of the Village of Shorewood exceeded its liabilities as of December 31, 2010, by \$14,094,890 (*net assets*). Of this amount, \$17,292,001 represents investments in capital assets, net of related debt, \$275,034 is restricted (not available for appropriation), and there is a deficit of (\$3,472,145) in unrestricted net assets. The Village of Shorewood's total net assets decreased by \$3,178,021 from 2009.
- As of December 31, 2010, the Village of Shorewood's governmental funds reported combined ending fund balances of \$10,262,298 an increase of \$2,290,502 from 2009. Of that amount, \$7,206,609 is *available for spending* at the government's discretion (*unreserved fund balance*).
- As of December 31, 2010, the unreserved fund balance for the general fund was \$3,643,558 or approximately 36.3% of total general fund expenditures.
- The Village of Shorewood's governmental activities' total debt increased by \$5,416,770 or 30.4% during 2010 as the Village issued new debt for capital projects and economic development.

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 statement, 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 Assets and the Statement of Activities, which can be found on pages 1 – 3 of this report.

Both of the government-wide financial statements distinguish functions of the Village of Shorewood that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Shorewood include general government, public safety, public works, health and social services, culture and recreation, and conservation and development. The business-type activities of the Village of Shorewood include the Village of Shorewood's Water Utility, Sewer Utility, and Parking Utility. The Village's component unit, the Business Improvement District (BID) is presented as a discrete column in the statement of net assets and statement of activities.

STATEMENT OF NET ASSETS

The *statement of net assets* presents information on all of the Village of Shorewood's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Shorewood is improving or deteriorating.

The following table summarizes the Village's Statements of Net Assets from both the prior and current year. An analysis of major components of this statement and comparison between the years is found following the table. Changes in capital assets and long term liabilities are discussed within those sections of the Management's Discussion and Analysis.

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 24,149,071	\$ 20,364,442	\$ (303,326)	\$ 596,178	\$ 23,845,745	\$ 20,960,620
Capital assets	22,380,426	22,222,233	7,734,353	7,325,903	30,114,779	29,548,136
Total assets	46,529,497	42,586,675	7,431,027	7,922,081	53,960,524	50,508,756
Long-term debt	23,237,392	17,820,622	2,473,527	2,701,992	25,710,919	20,522,614
Other liabilities	13,999,348	12,547,426	155,367	165,805	14,154,715	12,713,231
Total liabilities	37,236,740	30,368,048	2,628,894	2,867,797	39,865,634	33,235,845
Invested in capital assets net of related debt	11,803,216	12,045,928	5,488,785	4,846,237	17,292,001	16,892,165
Restricted	275,034	293,931	-	-	275,034	293,931
Unrestricted (deficit)	(2,785,493)	(121,232)	(686,652)	208,047	(3,472,145)	86,815
Total net assets	\$ 9,292,757	\$ 12,218,627	\$ 4,802,133	\$ 5,054,284	\$ 14,094,890	\$ 17,272,911

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

Governmental Activities – Statement of Net Assets

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable, prepaid items, internal balances, loans receivable and land held for resale. Total current assets increased approximately \$3.8 million. That increase was mainly due to an increase in cash of \$2.7 million, an increase in internal balances \$687,000 and an increase in loans receivable of \$300,000. The cash and investments increased due to unspent bond proceeds of \$1.86 and the reimbursement of debt funded expenses paid for in 2009 of \$790,000. Internal balances increased as the governmental activities provide a \$600,000 advance to the Sewer Utility during 2010.

Other liabilities category includes accounts payable, accrued payroll and unearned revenue (related to taxes receivable, grants and accrued interest). These balances increased by \$1.45 million primarily due to an increase in accounts payable of \$970,000 related to large capital projects in progress at year end within the Village's TID No. 1 and an increase in unearned revenue due to an increase in next year's property tax levy of \$451,000.

Invested in capital assets, net of related debt represents the Village's equity in its capital assets which was 52.7% of the historical cost of assets. This can be thought of as the Village's ownership in those capital assets and this percentage decreased slightly from a 2009 percentage of 54.2% which happens when depreciation exceeds debt payment.

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

A portion of the Village's net assets represent resources that are subject to external restrictions on how they may be used. Restricted net asset consist of amounts restricted for library purposes or have grant restrictions. The remaining unrestricted net assets may be used to meet ongoing obligations to citizens and creditors. It is not unusual for municipal unrestricted net assets to be negative as certain expenses included in the Statement of Activities are reported on a full accrual model, such as accrued interest payable, compensated absences and the unfunded portion of other postemployment benefits. However, these expenses will be funded with property taxes that will not be recognized as revenue until future years.

Business-type Activities – Statement of Net Assets

Business-type activities current assets consist mainly of cash, accounts receivable and internal balances. Current assets decreased in 2010 by \$900,000 due to an increase in internal balances owed to governmental activities. This increase resulted from a new advance to the Village's Sewer Utility.

Other liabilities are similar to those found within the governmental activities and include accounts payable and accrued payroll liabilities. There were no significant changes in these liabilities from 2009 to 2010.

Invested in capital assets, net of related debt represents the Village's equity in its capital assets. At year end the Village's business-type activities owned 71.0% of the capital assets free of debt. The remaining 29% still have debt associated with them. This percentage rose from a 2009 percentage of 66.2% as additions to assets and repayments of debt exceeded depreciation.

STATEMENT OF ACTIVITIES

The *statement of activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets 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 2010 and 2009. Explanations for significant increases and decreases from the prior year are given following the table.

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 1,169,641	\$ 1,225,630	\$ 2,377,259	\$ 2,286,517	\$ 3,546,900	\$ 3,512,147
Operating grants & contributions	996,816	912,109	-	-	996,816	912,109
Capital grants & contributions	518,409	428,538	11,886	-	530,295	428,538
General revenues						
Property taxes	11,074,984	10,941,896	-	-	11,074,984	10,941,896
Other revenues	1,202,840	1,246,422	8,954	8,320	1,211,794	1,254,742
Total revenues	<u>14,962,690</u>	<u>14,754,595</u>	<u>2,398,099</u>	<u>2,294,837</u>	<u>17,360,789</u>	<u>17,049,432</u>
Expenses:						
General government	1,207,164	1,144,251	-	-	1,207,164	1,144,251
Public safety	6,090,227	6,031,982	-	-	6,090,227	6,031,982
Health and social services	367,852	504,886	-	-	367,852	504,886
Public works	5,489,734	3,314,720	-	-	5,489,734	3,314,720
Culture & recreation	1,346,194	1,184,539	-	-	1,346,194	1,184,539
Conservation & development	2,528,039	1,631,759	-	-	2,528,039	1,631,759
Interest on long-term debt	848,052	712,583	-	-	848,052	712,583
Water	-	-	1,179,876	1,125,213	1,179,876	1,125,213
Sewer	-	-	1,309,817	1,308,994	1,309,817	1,308,994
Parking	-	-	171,855	159,878	171,855	159,878
Total expenses	<u>17,877,262</u>	<u>14,524,720</u>	<u>2,661,548</u>	<u>2,594,085</u>	<u>20,538,810</u>	<u>17,118,805</u>
Change in Net Assets						
before transfers	(2,914,572)	229,875	(263,449)	(299,248)	(3,178,021)	(69,373)
General transfers	(11,298)	86,041	11,298	(86,041)	-	-
Total Change in Net Assets	(2,925,870)	315,916	(252,151)	(385,289)	(3,178,021)	(69,373)
Net assets Jan 1	<u>12,218,627</u>	<u>11,902,711</u>	<u>5,054,284</u>	<u>5,439,573</u>	<u>17,272,911</u>	<u>17,342,284</u>
Net assets Dec 31	<u>\$ 9,292,757</u>	<u>\$ 12,218,627</u>	<u>\$ 4,802,133</u>	<u>\$ 5,054,284</u>	<u>\$ 14,094,890</u>	<u>\$ 17,272,911</u>

Significant Changes in Governmental Activities

Governmental activities decreased the Village of Shorewood's net assets by \$2,925,870 compared to an increase of \$315,916 in 2009. This is primarily because expenses increased in 2010, while program revenues remained relatively constant in total. The detail of these changes is described below.

Governmental Activities – Revenues

Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. Charges for services are primarily made up of licenses, permits, public charges for services such as inspection, library and immunization fees as well as court and parking fines. Operating grants are mainly from 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 2010 and 2009.

Revenues	Governmental activities		Chg	% chg
	2010	2009		
Program revenues				
Charges for services	\$ 1,169,641	\$ 1,225,630	\$ (55,989)	-4.6%
Operating grants & contributions	996,816	912,109	84,707	9.3%
Capital grants & contributions	518,409	428,538	89,871	21.0%
General revenues			-	
Property taxes	11,074,984	10,941,896	133,088	1.2%
Other revenues	<u>1,202,840</u>	<u>1,246,422</u>	<u>(43,582)</u>	<u>-3.5%</u>
Total revenues	<u>\$ 14,962,690</u>	<u>\$ 14,754,595</u>	<u>\$ 208,095</u>	<u>1.4%</u>

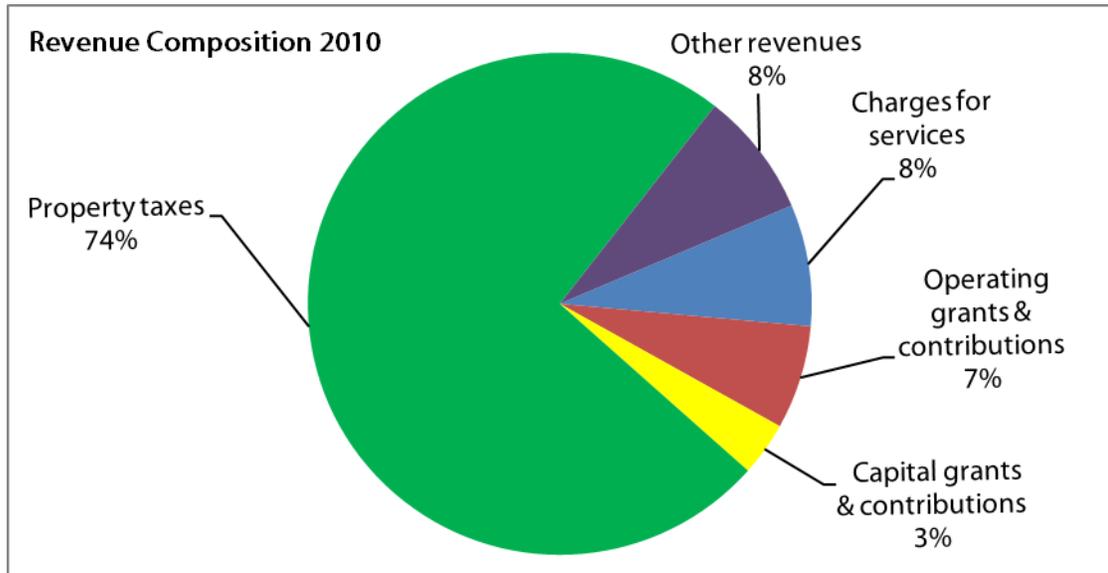
Operating grants include grants related to the Village's joint health department, recycling, senior programming and state aids received for fire and highway maintenance. Health department grant revenue decreased (\$40,000) as the health director position was open for a portion of the year and fewer grant activities were completed. Public works operating grants increased (\$46,100) due to the receipt of FEMA emergency management grants for costs incurred when the Village experienced extreme flooding during the summer. The Village also issued Build America Bonds in 2010 and received approximately \$25,000 in interest rebate from the Federal government as part of this program. Contributions from the Shorewood School District and the Shorewood Business Improvement District of \$35,000 for the Village Marketing program were reclassified from charges for services to operating contributions in recognition that the contributions are non-exchange in nature.

Capital grants tend to fluctuate annually rather than being recurring in nature. In 2009 the Village received \$220,000 towards a new art sculpture/statue. The construction and placement of the statue occurred in 2010. Donations towards the remaining 2010 costs were \$110,000. This change resulted in a decrease of \$110,000 in capital grants and contributions between the two years. The 2009 revenue for this category also included \$105,000 of special assessment revenue for the Village's bi-annual sidewalk program which was not done in 2010. These decreases were offset by an increase of \$266,000 which was the State and Federal portions of the traffic signals and street lights for Capitol Drive. The signals and lights are owned by the Village.

Property tax revenue increased slightly from 2009. The general Village property tax levy increased from \$9,603,619 in 2009 to \$9,878,609 in during 2010, a 2.9% increase. The Village's TID levy, which is based on the tax levy of all overlying taxing units, was \$1,338,277 in 2009. This levy decreased by \$141,902 to \$1,196,375.

Other revenues are mainly general state aids, interest income and miscellaneous revenues. Interest rates on liquid funds have remaining at or below 0.25% during 2010. The Village was able to increase overall interest income by \$112,000 in 2010 by investing in longer term (3 year) negotiable certificates of deposit and due to a higher cash balances. This increase was offset by a decrease in miscellaneous revenues of \$45,900 and a decrease in non-program state aids of \$110,000. The 2009 miscellaneous revenues include \$30,000 received as a rebate from the North Shore Public Safety Communications Commission which was a one-time revenue source. The non-program state aids decreased in part due to lower exempt computer aid (\$74,700) and a decrease in state shared revenues (\$38,000).

As identified above and on the chart below, property taxes are the largest revenue sources for governmental activities. Property taxes account for approximately 74% of total governmental activities revenues in 2010 and 2009. The overall composition of revenues did not change significantly.



Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes administrative type costs such as Village oversight, financial management and customer service. Costs associated with the Village’s police department and contributions for fire and dispatch services are shown within the public safety function. The public works function includes expenses for street and sidewalk maintenance, winter and forestry operations, refuse, recycling and yard waste, as well as building maintenance. Health and social services include expenses incurred for providing health programs to the general public such as restaurant licensing and immunizations and health clinics. Culture and recreation expenses include the costs of park maintenance, library services and senior programming. Conservation and development expenses include economic development activities within the Village’s tax incremental financing districts and the Village’s marketing programs. The table below compares 2010 and 2009 expense by function. The reasons for fluctuations of more than \$100,000 and 5% of the previous year are described following the table.

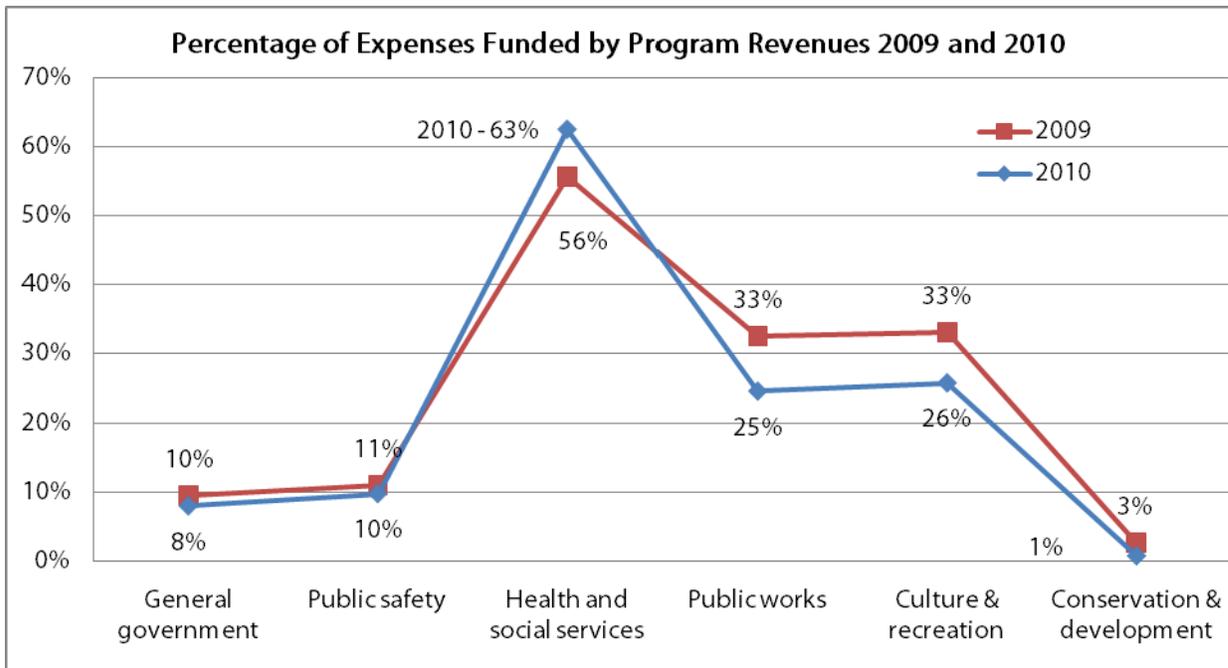
Expenses	Governmental activities			
	2010	2009	Chg	% chg
General government	\$ 1,207,164	\$ 1,144,251	\$ 62,913	5.50%
Public safety	6,090,227	6,031,982	58,245	0.97%
Health and social services	367,852	504,886	(137,034)	-27.14%
Public works	5,489,734	3,314,720	2,175,014	65.62%
Culture & recreation	1,346,194	1,184,539	161,655	13.65%
Conservation & development	2,528,039	1,631,759	896,280	54.93%
Interest on long-term debt	848,052	712,583	135,469	19.01%
Total expenses	<u>\$ 17,877,262</u>	<u>\$ 14,524,720</u>	<u>\$ 3,352,542</u>	<u>23.08%</u>

Health and social services decreased due to the reclassification of senior programming (\$136,800 in 2009, \$160,600 in 2010) from this category to the culture and recreation function.

The public works function of expenses increased by \$2.18 million. This increase is due to the Capitol Drive road project. The main east-west thorough-fare within the Village is a State Highway, called Capitol Drive. During 2010 the State began a complete reconstruction of the road. The Village shares in some of the costs of the project but does not own the road. As a result these costs are expensed in 2010 through the public works function.

Culture and recreational expenses increased by \$161,655. \$160,600 is the senior programming reclassified as noted above. Conservation and development expenses increased \$896,280 due to several changes. The largest change was an increase in expenses of \$1.4 million which was paid for developer incentives. During 2010 the Village partnered with a developer to build a mixed use building that houses 11,000 square of retail for four establishments, and 25 apartments, including underground parking. This development was substantially completed during 2010. This increase was offset by a decrease in large façade grants (\$632,000) which were provided in 2009, but not in 2010.

As mentioned within the revenues section, program revenues are revenues intended to pay for a certain activity or function. The graph below illustrates how much of each function’s expenses are funded by program revenues. All expenses not funded through program revenues are financed with general revenues, primarily property tax levy. The health and social services function is the most funded by program revenues as the Village administers a health department for both the Village of Shorewood and Whitefish Bay. Only the Village of Shorewood’s portion of the program is funded by revenues shown as general revenues on the statement of activities.



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			
	2010	2009	Chg	% Chg
Program revenues:				
Water	\$ 1,124,224	\$ 1,187,287	\$ (63,063)	-5.3%
Sewer	1,044,119	884,858	159,261	18.0%
Parking	208,916	214,372	(5,456)	-2.5%
Charges for services	2,377,259	2,286,517	90,742	4.0%
Other revenues	20,840	8,320	12,520	150.5%
Total revenues	\$ 2,398,099	\$ 2,294,837	\$ 103,262	4.5%

Charges for services increased \$90,742 from 2009 primarily due to an increase in Sewer Utility rates. The Village conducted a Sewer rate study during 2010. Sewer rates were increased by 55% beginning with the third quarter billing. Consumption for both water and sewer billings decreased by 6% overall in 2010.

Other revenues largely represent investment income and capital contribution for water utility infrastructure paid for by the State for the Capitol Drive project.

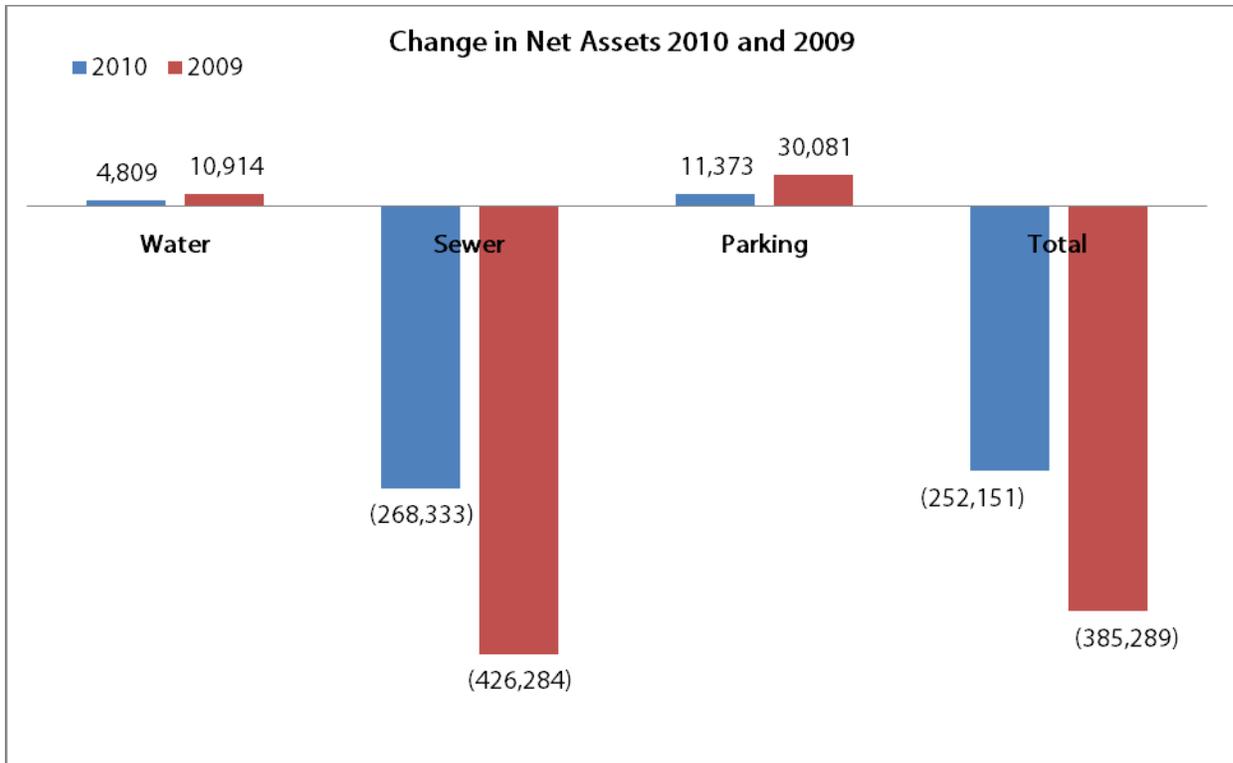
Business-type Activities – Expenses

The table below compares the Village's business-type activities' expenses from 2009 to 2010.

Expenses	Business-type activities			
	2010	2009	Chg	% Chg
Water	\$ 1,179,876	\$ 1,125,213	\$ 54,663	4.9%
Sewer	1,309,817	1,308,994	823	0.1%
Parking	171,855	159,878	11,977	7.5%
Total expenses	\$ 2,661,548	\$ 2,594,085	\$ 67,463	2.6%

Water expenses include all costs necessary to provide Water to homes and businesses within the Village. Water is purchased from the City of Milwaukee's Water Utility, Milwaukee Water Works, so Water expenses relate chiefly to maintenance of infrastructure. 2010 expenses increased by \$54,600. Part of this increase was due to rate increases received by the Village's water supplier. This resulted in \$9,400 of additional costs, even though consumption decreased. There was also an increase in professional fees of \$28,500 for conducting a water study. The Village is currently exploring the cost to connect to a different water supplier and have incurred some engineering costs to determine the capital costs needed to build another connection.

Business-type activities decreased the Village of Shorewood's net assets by \$252,151 in 2010 and by \$385,289 in 2009. The graph below shows the change in net assets by Utility for each year.



The specific reasons for the changes in revenues and expenses were addressed above. During 2010 the Village raised Sewer rates. As the last rate increase was completed in 1998, substantial increases were needed to bring rates up to the level needed to support current operations. The Village approved a two phase increase in order to minimize the impact on customers and better craft rates on a long term basis. The second increase is scheduled for third quarter of 2011 at 26%.

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 statement can be found on pages 4 – 6 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 sixteen 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, Tax Incremental Financing District No. 1 Fund and the General Capital Projects Fund, all of which are considered to be major funds. Data from the other twelve 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, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2010, the Village's governmental funds reported combined ending fund balance of \$10,262,298, an increase of \$2,290,502 from the previous year. Seventy (70.2%) percent of the Village's fund balance is *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending as it has already been committed for prepaid items, other funds' deficits or non-current receivables.

GOVERNMENTAL FUNDS – FUND BALANCE

The General Fund is the chief operating fund of the Village. At year end, total fund balance in the General Fund was \$4,983,796, of which \$3,643,558 was unreserved. This unreserved fund balance represents 36.3% of total General Fund expenditures. This was an increase from 2009 of \$2,905,259 or 29.7% of expenditures as the 2009 balance included an advance which was repaid in 2010. Total General Fund, fund balance decreased by \$88,337 or 1.7% from 2009. TID No. 1's fund balance also increased in 2010, by \$2,397,487 as the Village borrowed for projects which were not all completed in 2010. There were no other significant changes in fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village of Shorewood adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule can be found on pages 53 through 56 of this report. There was one budget amendment completed during the year. The amendment increased contingency expenditures (within the General Government function) by \$364,400 and increased the use of fund balance by the same amount. This change was made to comply with the State of Wisconsin's expenditure restraint program. Because this change was made for compliance purposes, the following discussion about the budget to actual results will provide comparison on both the original and final budget with actual.

Overall the General Fund actual results exceeded both the original and final budgets for the net change in fund balance. The original budget planned to use \$145,000 in reserves for capital projects. In 2010, the General Fund only used \$88,337 of reserves which was better than anticipated by \$56,600. Significant changes between budget and actual results are addressed below:

Revenues and Other Financing Sources

- Overall revenues and transfers in were within \$20,000 of the amount budgeted.
- Intergovernmental revenues exceeded budget by \$91,300 due to the receipt of \$46,000 in fire insurance funds from the state which are not budgeted as they are paid to the North Shore Fire Department (NSFD) once received and \$33,000 in unbudgeted FEMA disaster aid.
- Regulation and compliance revenues were under budget (\$108,600). This decrease was due to a decrease in parking violations and court penalties and costs. The parking violations decreased as parking regulations were relaxed during the year due to construction on Capitol drive. Court fines decreased as fewer people paid their fines due to the economic times.
- Public charges for services were slightly over budget by \$31,700 due to an increase in recycling rebate charges as the price of materials came down in 2010.
- Interest on investments was \$77,000 under budgeted revenue. During the budget process it was thought that interest rates would increase slightly from 2009 levels during 2010. The 2010 budget for interest income had been cut in half from the 2009 budget. Interest income exceeded 2009 levels by \$69,000, but rates did not increase as anticipated.
- Transfers in exceeded budget by \$34,600 due to the reimbursement of health department salaries from grants.

Expenditures and Other Financing Uses

- Overall expenditures and transfers out came in \$74,000 under the original budget and \$438,000 under the final budget.
- General government function came in under the final budget by \$373,000 due to the budget amendment.
- Public works was under budget by \$44,000 due chiefly to savings in winter maintenance as the snow fall and plowing needs were less than budgeted.
- Parks and beautification was under budget (\$50,800) as fewer salaries were charged to this function in 2010 than budgeted. This is because the all summer help is budgeted in parks, but in practice some of this time is charged to other funds.
- Transfers out exceeded budget (\$57,000) due to the transfer to debt service fund. The Village took advantage of lower interest rates during the year and refinanced two debt issues. The old debt issues would not have required another debt service payment during 2010, but the new debt issue did. Since the refunding was unbudgeted, the General Fund made a transfer to the Debt Service Fund to cover the additional interest payment.

PROPRIETARY FUNDS

Enterprise funds are used 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.

Proprietary funds 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 7 - 10 of this report.

The net assets of the Water, Sewer and Parking Utilities at the end of the year were \$1,187,534, \$2,774,289 and \$840,310, respectively. The total net assets 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 assets are included as invested in capital assets, net of related debt. Unrestricted net assets for the Water, Sewer and Parking Utilities were deficit (\$462,900), deficit (\$791,507) and \$567,755. As mentioned previously the Sewer Utility rates were increased in 2010 to begin recovering this deficit. Water Utility rates will be analyzed in 2011. 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 of Shorewood 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 statements can be found on page 11 of this report.

COMPONENT UNITS

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

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

The Village has included comparative data for the year 2009 to illustrate the changes in net assets for the component unit. The CDA did not have any net assets or financial transactions during the year. Therefore no amounts have been presented for this component unit.

Statement of Net Assets	BID	
	2010	2009
Cash and investments	\$ 82,578	\$ 21,621
Other assets	525	7,775
Total assets	83,103	29,396
Accounts payable	2,649	1,611
Restricted net assets - façade	60,351	13,965
Unrestricted net assets	20,103	13,820
Total net assets	\$ 80,454	\$ 27,785

The BID had an increase in net assets of \$52,700 over the previous year. The BID, as administrator of the façade program for the Village of Shorewood’s Tax Incremental Financing District No. 1, received a three-year grant from the TIF (\$336,250) in 2004. Thereafter the Village annually determines whether to appropriate additional funds for the façade program. In 2010 \$150,000 was given to the BID for façade programs. The BID is financed through special assessments on individual business owners, which are collected by the Village through the tax collection process and turned over to the District. In 2010 (2009 Tax Levy Year), special assessments totaled \$107,056. The BID uses the accrual basis of accounting, and statements are audited by an independent certified public accounting firm on an annual basis.

Statement of Activities	BID	
	2010	2009
Revenues		
Program revenues		
Charges for services	\$ 49,310	\$ 51,334
Operating Grants	150,000	-
General revenues		
Property taxes	107,056	106,600
Other general revenues	26,222	26,535
Total revenues	332,588	184,469
Expenses	279,919	276,871
Change in Net Assets	52,669	(92,402)
Net assets beginning	27,785	120,187
Net assets ending	\$ 80,454	\$ 27,785

Combined financial information is presented as a discrete column in the statement of net assets and statement of activities on pages 1 - 3 of this report. The CDA did not have any net assets or financial transactions during the year. Therefore no amounts have been presented for this component unit. Additional information for BID can be found on page 46 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 - 52 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 2010 and 2009 is summarized below and significant additions and deletions are described after the table.

Description	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
Land	\$ 3,486,707	\$ 3,486,707	\$ 233,345	\$ 233,345
Right of way	882,402	882,402	-	-
Artwork	330,000	-	-	-
CIP	1,295,195	718,372	410,861	8,132
Machinery and equipment	3,591,196	3,471,607	857,662	821,261
Building improvements	382,314	82,558	-	-
Buildings	7,916,159	7,901,375	-	-
Infrastructure	22,736,126	22,736,126	9,790,068	9,635,947
Total Capital Assets	40,620,099	39,279,147	11,291,936	10,698,685
Less accumulated depreciation	(18,239,673)	(17,056,914)	(3,557,583)	(3,372,782)
Capital assets, net of depreciation	\$ 22,380,426	\$ 22,222,233	\$ 7,734,353	\$ 7,325,903

Governmental Activities

- In 2010 the Village purchased an art sculpture (\$330,000), which was funded 100% through donations. This had been partially in CIP in 2009.
- Significant projects in process at year end include: Capitol Drive reconstruction (\$1,220,000) and Downer Avenue road reconstruction (\$71,000). The road and bridge work being completed on this project are not included in the construction in progress amounts as those assets are not owned by the Village. The CIP represents costs for traffic signals and street lights which will be capitalized when the project is completed in 2011.
- The Village purchased a new public works snow plow and salter for \$137,500; and a chipper for \$36,160.
- Building improvements included a new roof on the Public works building, Village Hall and the River Club and a new HVAC unit at Hubbard Park Lodge.

Business-type Activities

- Additions to construction in progress are related to utility work on the Capitol Drive project.
- Infrastructure additions were from the annual Sewer lining project (\$121,000) during which approximately 3,300 feet of sewer mains were lined.

Additional information on the Village's capital assets can be found in Note IV D. on pages 34 – 35.

LONG-TERM DEBT

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village of Shorewood is \$71,884,345, which significantly exceeds the Village's current outstanding general obligation debt of \$23,154,176. This debt is entirely backed by the full faith and credit of the government. At year end the outstanding debt equaled 32.2% of the Village's state authorized debt limit.

Governmental activities long term debt increased \$5,416,770 and business-type activities debt decreased \$228,465 during 2010. The Village issued new debt for the Capitol Drive project, other economic development projects and to refinance some existing debt in 2010. Total new debt issues were \$8,461,554 and \$143,446 for governmental activities and business-type activities respectively. Governmental activities and business-type activities refunded \$1,630,373 and \$139,265, respectively, were refunded as the Village made its annual debt payments in accordance with the debt repayment schedules.

Governmental activities pension liability decreased as two participants passed away during the year, resulting in a decrease of estimated future payments.

In 2008, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* which required the Village record a liability for unfunded future other postemployment benefits. This Statement did not require retroactive reporting of this liability. At this time the Village is funding the liability on a pay-as-you-go basis which is typically less than the Actuarially Required Contribution (ARC). Actuarial assumptions and further information on this liability can be found in Note V E. on pages 50 – 52.

While significant changes in the Village's long term debt are discussed above, the table below summarizes the ending balances for 2010 and 2009.

	Governmental Activities		Business-type Activities	
	2010	2009	2010	2009
General obligation debt	\$ 20,681,737	\$ 15,026,738	\$ 2,408,712	\$ 2,645,085
NSFD debt	969,870	993,592	-	-
Pension	499,101	925,961	-	-
OPEB	564,125	380,575	-	-
Compensated absences	494,258	438,880	64,815	56,907
Capital lease	28,301	54,876	-	-
Total	<u>\$ 23,237,392</u>	<u>\$ 17,820,622</u>	<u>\$ 2,473,527</u>	<u>\$ 2,701,992</u>

Additional information on the Village's long term debt can be found in Notes IV F. and G. on pages 40 – 44.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the required supplementary information and can be found on beginning on page 59 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The current recession and economic conditions have impacted all communities across the United States. The Village of Shorewood is not exempt from this crisis, but has 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 limited reliance on variable revenue streams such as sales tax or real estate transfer fees have helped the Village weather this storm; however we have still experienced an increase in unemployment, decreases in interest income and may see a decline in future state aids.

The unseasonably adjusted unemployment rate for Milwaukee County in December 2010 was 8.1% compared to 9.3% in December, 2009 and 6.3% in December, 2008. This compares with an unemployment rate for the State of Wisconsin of 7.0% and the United States of 9.1%. Rates for the Village specifically are not available but would be included within Milwaukee County. The largest city within Milwaukee County is the City of Milwaukee which had an unemployment rate of 9.7% at December, 2010. It is estimated that the Village of Shorewood rate would be lower than the City and County total. Rates were obtained by using the Labor Force Estimates 1990 – Current Wisconsin Department of Workforce Development website found at http://dwd.wisconsin.gov/oea/unemployment_rates_and_labor_force_estimates/.

The Village's 2010 tax levy was again capped by the State of Wisconsin. The Village's limit for the 2010 tax levy to be collected in 2011 was \$10,669,000. However the Village only levied \$10,165,400 which was a 2.9% increase from the prior years' tax levy.

The Village's 2010 and 2011 budgets qualified the Village to receive the State of Wisconsin's Expenditure Restraint Shared Revenue payment, as it did in past years. This program provides state funding to communities that restrict their General Fund expenditure growth to a certain percentage annually. In 2010 the Village received \$252,000 from this program.

As with all state funded programs, there is uncertainty about their continuation. The State legislature is currently making significant changes to future aid formulas and total distribution amounts. Under the current proposal, 2011 revenues will not be affected, but the Village anticipates a significant decrease in revenues from the State in 2012. The Village received approximately \$1.3 million from various state grant programs which may decline in future years. As state grant programs compromise 10% of governmental revenues, significant decreases in these funding sources would negatively impact the Village.

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 ASSETS

December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 9,602,937	\$ 385,565	\$ 9,988,502	\$ 82,578
Investments	4,039,235	-	4,039,235	-
Taxes receivable	4,549,019	-	4,549,019	-
Delinquent personal property taxes receivable	13,521	-	13,521	-
Accounts receivable	239,828	667,718	907,546	525
Due from other governments	33,344	-	33,344	-
Inventories	-	37,491	37,491	-
Prepaid items	619,378	684	620,062	-
Internal balances	1,414,482	(1,414,482)	-	-
Land - held for resale	1,217,584	-	1,217,584	-
Loans receivable	464,934	-	464,934	-
Other assets - unamortized bond issuance expenses	92,874	19,698	112,572	-
Restricted Asset - cash and cash equivalents	1,861,935	-	1,861,935	-
Capital Assets				
Land	4,369,109	233,345	4,602,454	-
Artwork	330,000	-	330,000	-
Construction in progress	1,295,195	410,861	1,706,056	-
Other capital assets, net of depreciation	16,386,122	7,090,147	23,476,269	-
Total Assets	46,529,497	7,431,027	53,960,524	83,103
LIABILITIES				
Accounts payable and accrued expenses	2,220,615	118,571	2,339,186	2,649
Unearned revenues	11,559,100	-	11,559,100	-
Accrued interest payable	219,633	36,796	256,429	-
Noncurrent Liabilities				
Due within one year	1,510,085	268,234	1,778,319	-
Due in more than one year	21,727,307	2,205,293	23,932,600	-
Total Liabilities	37,236,740	2,628,894	39,865,634	2,649
NET ASSETS				
Invested in capital assets, net of related debt	11,803,216	5,488,785	17,292,001	-
Restricted for				
Health grants	7,101	-	7,101	-
Library	247,077	-	247,077	-
Facade improvements	-	-	-	60,351
Police special funds	20,856	-	20,856	-
Unrestricted (deficit)	(2,785,493)	(686,652)	(3,472,145)	20,103
TOTAL NET ASSETS	\$ 9,292,757	\$ 4,802,133	\$ 14,094,890	\$ 80,454

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,207,164	\$ 84,144	\$ -	\$ 12,000
Public safety	6,090,227	535,902	56,934	-
Health and social services	367,852	81,232	149,009	-
Public works	5,489,734	280,167	698,382	372,972
Culture and recreation	1,346,194	180,894	57,010	133,437
Conservation and development	2,528,039	7,302	10,000	-
Interest and fiscal charges	848,052	-	25,481	-
Total Governmental Activities	<u>17,877,262</u>	<u>1,169,641</u>	<u>996,816</u>	<u>518,409</u>
Business-Type Activities				
Water	1,179,876	1,124,224	-	11,886
Sewer	1,309,817	1,044,119	-	-
Parking	171,855	208,916	-	-
Total Business-Type Activities	<u>2,661,548</u>	<u>2,377,259</u>	<u>-</u>	<u>11,886</u>
Total Primary Government	<u>\$ 20,538,810</u>	<u>\$ 3,546,900</u>	<u>\$ 996,816</u>	<u>\$ 530,295</u>
Component Unit				
Business Improvement District	<u>279,919</u>	<u>49,310</u>	<u>150,000</u>	<u>-</u>
Total Component Unit	<u>\$ 279,919</u>	<u>\$ 49,310</u>	<u>\$ 150,000</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Property taxes, levied for component unit				
Intergovernmental revenues not restricted to specific programs				
Investment income				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
NET ASSETS - Beginning				
NET ASSETS - ENDING				

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	
\$ (1,111,020)	\$ -	\$ (1,111,020)	\$ -
(5,497,391)	-	(5,497,391)	-
(137,611)	-	(137,611)	-
(4,138,213)	-	(4,138,213)	-
(974,853)	-	(974,853)	-
(2,510,737)	-	(2,510,737)	-
(822,571)	-	(822,571)	-
(15,192,396)	-	(15,192,396)	-
-	(43,766)	(43,766)	-
-	(265,698)	(265,698)	-
-	37,061	37,061	-
-	(272,403)	(272,403)	-
(15,192,396)	(272,403)	(15,464,799)	-
-	-	-	(80,609)
-	-	-	(80,609)
9,936,990	-	9,936,990	-
1,137,994	-	1,137,994	-
-	-	-	107,056
669,473	-	669,473	-
205,858	8,954	214,812	1,222
327,509	-	327,509	25,000
(11,298)	11,298	-	-
12,266,526	20,252	12,286,778	133,278
(2,925,870)	(252,151)	(3,178,021)	52,669
12,218,627	5,054,284	17,272,911	27,785
\$ 9,292,757	\$ 4,802,133	\$ 14,094,890	\$ 80,454

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	Debt Service Fund	Capital Projects TID No. 1	General Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 4,279,198	\$ 696,558	\$ 2,491,816	\$ 927,623	\$ 1,207,742	\$ 9,602,937
Investments	4,039,235	-	-	-	-	4,039,235
Receivables						
Taxes	3,045,854	448,901	536,972	160,319	356,973	4,549,019
Delinquent personal property taxes (net of uncollectibles of \$32,115)	13,521	-	-	-	-	13,521
Accounts	125,719	-	-	102,655	-	228,374
Due from other governments	-	-	-	-	33,344	33,344
Prepaid items	593,910	-	-	23,577	1,891	619,378
Assets held for resale - land	-	-	1,217,584	-	-	1,217,584
Due from other funds	397,244	-	328,979	-	-	726,223
Loans receivable	-	-	254,919	27,290	182,725	464,934
Restricted Asset - cash and cash equivalents	-	-	1,861,935	-	-	1,861,935
Advances to other funds	732,807	-	-	-	-	732,807
TOTAL ASSETS	\$ 13,227,488	\$ 1,145,459	\$ 6,692,205	\$ 1,241,464	\$ 1,782,675	\$ 24,089,291
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 223,046	\$ -	\$ 1,584,457	\$ 55,546	\$ 36,450	\$ 1,899,499
Due to other funds	-	-	-	-	44,548	44,548
Accrued liabilities	298,367	-	215	-	22,534	321,116
Advances from other funds	-	-	-	-	-	-
Deferred revenues	7,722,279	1,137,994	1,361,260	406,418	933,879	11,561,830
Total Liabilities	8,243,692	1,137,994	2,945,932	461,964	1,037,411	13,826,993
Fund Balances (Deficits)						
Reserved						
Noncurrent assets	1,340,238	-	1,472,503	50,867	184,616	3,048,224
Debt service	-	7,465	-	-	-	7,465
Unreserved, reported in:						
General fund designated - 2011 budget	92,250	-	-	-	-	92,250
General fund designated - other funds' deficits	1,591	-	-	-	-	1,591
General fund undesignated	3,549,717	-	-	-	-	3,549,717
Special revenue funds designated - specific purposes	-	-	-	-	318,217	318,217
Special revenue funds designated - 2011 budget	-	-	-	-	300,082	300,082
Special revenue funds undesignated (deficit)	-	-	-	-	(1,591)	(1,591)
Capital projects funds designated - 2011 budget	-	-	-	425,250	-	425,250
Capital projects funds designated - future projects	-	-	2,217,710	303,383	-	2,521,093
Capital Projects fund designated - other funds' deficits	-	-	56,060	-	-	56,060
Capital projects funds undesignated (deficit)	-	-	-	-	(56,060)	(56,060)
Total Fund Balances (Deficits)	4,983,796	7,465	3,746,273	779,500	745,264	10,262,298
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 13,227,488	\$ 1,145,459	\$ 6,692,205	\$ 1,241,464	\$ 1,782,675	
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.						22,380,426
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.						14,184
Debt issuance costs amortized over the life of the debt issue - reported as an other asset						92,874
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.						(23,457,025)
NET ASSETS OF GOVERNMENTAL ACTIVITIES						\$ 9,292,757

VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General	Debt Service	Capital Projects TID No. 1	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 7,521,390	\$ 1,137,994	\$ 1,196,375	\$ 320,737	\$ 898,488	\$ 11,074,984
Intergovernmental	1,099,792	25,481	45,084	370,295	244,106	1,784,758
Regulation and compliance	952,779	-	-	-	11,957	964,736
Public charges for services	261,474	-	-	-	144,010	405,484
Special assessments	-	-	-	59,798	-	59,798
Donations	-	-	-	-	220,207	220,207
Investment income	152,659	2,379	34,267	-	2,369	191,674
Commercial	40,294	-	600	-	523	41,417
Total Revenues	<u>10,028,388</u>	<u>1,165,854</u>	<u>1,276,326</u>	<u>750,830</u>	<u>1,521,660</u>	<u>14,743,058</u>
EXPENDITURES						
Current						
General government	1,075,355	-	-	-	-	1,075,355
Public safety	6,138,055	-	-	-	17,841	6,155,896
Health and social services	205,994	-	-	-	175,649	381,643
Public works	1,877,680	-	-	-	-	1,877,680
Culture and recreation	170,857	-	-	-	1,230,362	1,401,219
Conservation and development	541,969	-	1,831,754	-	154,316	2,528,039
Capital Outlay	-	-	2,924,826	1,060,062	-	3,984,888
Debt Service						
Principal retirement	26,575	1,099,121	-	57,981	-	1,183,677
Interest and fiscal charges	1,996	830,717	132,832	40,141	8,382	1,014,068
Total Expenditures	<u>10,038,481</u>	<u>1,929,838</u>	<u>4,889,412</u>	<u>1,158,184</u>	<u>1,586,550</u>	<u>19,602,465</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,093)</u>	<u>(763,984)</u>	<u>(3,613,086)</u>	<u>(407,354)</u>	<u>(64,890)</u>	<u>(4,859,407)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of capital assets	-	-	-	7,876	-	7,876
Insurance recoveries	-	-	-	213,685	-	213,685
General obligation debt issued	-	1,679,329	6,300,064	-	482,161	8,461,554
Payment on current refunding	-	(1,630,372)	-	-	-	(1,630,372)
Transfers in	123,756	716,956	400,000	165,908	19,750	1,426,370
Transfers out	(202,000)	-	(689,491)	-	(437,713)	(1,329,204)
Total Other Financing Sources (Uses)	<u>(78,244)</u>	<u>765,913</u>	<u>6,010,573</u>	<u>387,469</u>	<u>64,198</u>	<u>7,149,909</u>
Net Change in Fund Balance	<u>(88,337)</u>	<u>1,929</u>	<u>2,397,487</u>	<u>(19,885)</u>	<u>(692)</u>	<u>2,290,502</u>
FUND BALANCES - Beginning of Year	<u>5,072,133</u>	<u>5,536</u>	<u>1,348,786</u>	<u>799,385</u>	<u>745,956</u>	<u>7,971,796</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,983,796</u>	<u>\$ 7,465</u>	<u>\$ 3,746,273</u>	<u>\$ 779,500</u>	<u>\$ 745,264</u>	<u>\$ 10,262,298</u>

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, 2010

Net change in fund balances - total governmental funds	\$ 2,290,502
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,984,888
Less: Some items reported as capital outlay were not capitalized	(2,813,889)
Depreciation is reported in the government-wide statements	(1,259,901)
Net book value of assets retired	(19,287)
Contributed assets	266,382
<p>Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>	
Special assessments	(60,933)
Accrued interest	14,184
<p>Debt and lease issues provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Debt issued	(8,495,813)
Principal repaid	2,814,049
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
	129,034
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences	(63,859)
Net OPEB liability	(183,550)
Police and fire pension	426,860
Retiree insurance	8,481
Accrued interest on debt	36,982
	129,034
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ (2,925,870)

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities			Totals
	Enterprise Funds			
	Water Utility	Sewer Utility	Parking Utility	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 385,565	\$ 385,565
Accounts receivable	325,763	337,812	-	663,575
Prepays	603	81	-	684
Interest receivable	-	1,273	2,870	4,143
Current portion of advance	-	11,390	16,284	27,674
Inventories	37,491	-	-	37,491
Total Current Assets	<u>363,857</u>	<u>350,556</u>	<u>404,719</u>	<u>1,119,132</u>
Non-Current Assets				
Capital Assets				
Land	-	-	233,345	233,345
Construction in progress	410,861	-	-	410,861
Structures, improvements and equipment	3,162,340	7,023,737	461,653	10,647,730
Accumulated depreciation	(1,080,471)	(2,054,669)	(422,443)	(3,557,583)
Other Assets				
Unamortized debt issuance costs	10,117	9,581	-	19,698
Long-term portion of advances	-	24,342	283,716	308,058
Total Non-Current Assets	<u>2,502,847</u>	<u>5,002,991</u>	<u>556,271</u>	<u>8,062,109</u>
TOTAL ASSETS	<u>2,866,704</u>	<u>5,353,547</u>	<u>960,990</u>	<u>9,181,241</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 58,815	\$ 4,278	\$ 29,925	\$ 93,018
Accrued liabilities	15,986	8,655	912	25,553
Accrued interest payable	14,415	18,903	3,478	36,796
Due to other funds	550,891	130,784	-	681,675
Current portion of state trust fund loan	8,011	-	-	8,011
Current portion of general obligation debt	93,112	167,111	-	260,223
Current portion of advances	60,514	48,853	12,226	121,593
Total Current Liabilities	<u>801,744</u>	<u>378,584</u>	<u>46,541</u>	<u>1,226,869</u>
Long-Term Debt Net of Current Maturities				
State trust fund loan	79,402	-	-	79,402
General obligation debt	742,676	1,318,400	-	2,061,076
Advances from other funds	24,342	851,147	71,457	946,946
Compensated absences	31,006	31,127	2,682	64,815
Total Long-Term Debt	<u>877,426</u>	<u>2,200,674</u>	<u>74,139</u>	<u>3,152,239</u>
Total Liabilities	<u>1,679,170</u>	<u>2,579,258</u>	<u>120,680</u>	<u>4,379,108</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,650,434	3,565,796	272,555	5,488,785
Unrestricted (deficit)	<u>(462,900)</u>	<u>(791,507)</u>	<u>567,755</u>	<u>(686,652)</u>
TOTAL NET ASSETS	<u>\$ 1,187,534</u>	<u>\$ 2,774,289</u>	<u>\$ 840,310</u>	<u>\$ 4,802,133</u>

See accompanying notes to the financial statements.

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VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
NET ASSETS - PROPRIETARY FUNDS
For the Year Ended December 31, 2010

	Business-Type Activities			Totals
	Enterprise Funds			
	Water Utility	Sewer Utility	Parking Utility	
OPERATING REVENUES				
Charges for services	\$ 1,101,396	\$ 1,018,421	\$ 208,836	\$ 2,328,653
Miscellaneous	22,828	25,698	80	48,606
Total Operating Revenues	<u>1,124,224</u>	<u>1,044,119</u>	<u>208,916</u>	<u>2,377,259</u>
OPERATING EXPENSES				
Operation and maintenance	1,057,691	1,137,559	147,755	2,343,005
Depreciation	78,328	111,922	19,580	209,830
Total Operating Expenses	<u>1,136,019</u>	<u>1,249,481</u>	<u>167,335</u>	<u>2,552,835</u>
Operating Income (Loss)	<u>(11,795)</u>	<u>(205,362)</u>	<u>41,581</u>	<u>(175,576)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	348	1,929	6,677	8,954
Interest expense	(43,857)	(60,336)	(4,520)	(108,713)
Total Nonoperating Revenues (Expenses)	<u>(43,509)</u>	<u>(58,407)</u>	<u>2,157</u>	<u>(99,759)</u>
Income (Loss) Before Transfers and Contributions	(55,304)	(263,769)	43,738	(275,335)
TRANSFERS IN	108,464	-	-	108,464
TRANSFERS OUT	(60,237)	(4,564)	(32,365)	(97,166)
CONTRIBUTIONS	<u>11,886</u>	<u>-</u>	<u>-</u>	<u>11,886</u>
Change in Net Assets	4,809	(268,333)	11,373	(252,151)
TOTAL NET ASSETS - Beginning of Year	<u>1,182,725</u>	<u>3,042,622</u>	<u>828,937</u>	<u>5,054,284</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 1,187,534</u>	<u>\$ 2,774,289</u>	<u>\$ 840,310</u>	<u>\$ 4,802,133</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2010

	Business-Type Activities			
	Enterprise Funds			
	Water Utility	Sewer Utility	Parking Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,163,625	\$ 938,360	\$ 211,178	\$ 2,313,163
Paid to suppliers for goods and services	(871,190)	(953,456)	(107,896)	(1,932,542)
Paid to employees for services	(184,485)	(187,327)	(38,437)	(410,249)
Net Cash Flows From Operating Activities	<u>107,950</u>	<u>(202,423)</u>	<u>64,845</u>	<u>(29,628)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to village for tax equivalent	(60,237)	(4,564)	(32,365)	(97,166)
Repayment of due from other funds	(20,669)	(514,998)	-	(535,667)
Received from other funds	550,891	130,784	-	681,675
Advances made by other funds	-	900,000	-	900,000
Advances made to other funds	-	-	(300,000)	(300,000)
Payments received on advances	-	10,900	-	10,900
Payments made on advances	(57,353)	-	(11,616)	(68,969)
Interest received on advances	-	2,098	-	2,098
Interest paid on advances	(12,171)	-	(5,003)	(17,174)
Net Cash Flows From Non-Capital Financing Activities	<u>400,461</u>	<u>524,220</u>	<u>(348,984)</u>	<u>575,697</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>348</u>	<u>219</u>	<u>3,807</u>	<u>4,374</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(382,793)	(119,099)	-	(501,892)
Proceeds on long-term debt	70,788	72,658	-	143,446
Debt issuance costs	(1,155)	(1,185)	-	(2,340)
Payments of long-term debt	(159,343)	(220,476)	-	(379,819)
Interest paid on long-term debt	(36,256)	(53,914)	-	(90,170)
Net Cash Flows From Capital and Related Financing Activities	<u>(508,759)</u>	<u>(322,016)</u>	<u>-</u>	<u>(830,775)</u>
Net Change in Cash and Cash Equivalents	-	-	(280,332)	(280,332)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>	<u>665,897</u>	<u>665,897</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,565</u>	<u>\$ 385,565</u>

See accompanying notes to the financial statements.

	Business-Type Activities Enterprise Funds			Totals
	Water Utility	Sewer Utility	Parking Utility	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (11,795)	\$ (205,362)	\$ 41,581	\$ (175,576)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	78,328	111,922	19,580	209,830
Depreciation charged to other accounts	12,322	(12,322)	-	-
Changes in assets and liabilities				
Accounts receivable	27,079	(93,437)	3,375	(62,983)
Inventories	(1,748)	-	-	(1,748)
Prepayments	815	890	267	1,972
Deposits	-	-	(1,113)	(1,113)
Accounts payable and accrued liabilities	2,949	(4,114)	1,155	(10)
 Net Cash Flows From Operating Activities	 <u>\$ 107,950</u>	 <u>\$ (202,423)</u>	 <u>\$ 64,845</u>	 <u>\$ (29,628)</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
State/Federal Contributed Capital	<u>\$ 11,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,886</u>
Capital Assets Contributed by Municipality	<u>\$ 108,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,464</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2010

	<u>Tax Collection Agency Fund</u>
ASSETS	
Cash and investments	\$ 17,820,580
Property taxes receivable	<u>11,619,946</u>
 TOTAL ASSETS	 <u>\$ 29,440,526</u>
LIABILITIES	
Accounts payable	\$ 26,259
Due to other taxing units	<u>29,414,267</u>
 TOTAL LIABILITIES	 <u>\$ 29,440,526</u>

See accompanying notes to financial statements.

VILLAGE OF SHREWOOD

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VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

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

This report includes all of the funds of the Village of Shorewood. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the primary government.

Discretely Presented Component Units

Shorewood Community Development Authority

The government-wide financial statements include the Shorewood Community Development Authority ("CDA") as a component unit. The CDA is a legally separate organization. The board of the CDA is appointed by the Village president. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the CDA, and also create a potential financial benefit to or burden on the Village. As a component unit, the CDA's financial statements are presented as a discrete column in the financial statements. The CDA does not issue separate financial statements. There was no activity or net assets for the CDA during 2010.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY(continued)

Discretely Presented Component Units (continued)

Village of Shorewood Business Improvement District

The government-wide financial statements include the Village of Shorewood Business Improvement District ("BID") as a component unit. The BID is a legally separate organization. The board of the BID is appointed by the Village president. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the BID, and also create a potential financial benefit to or burden on the Village. See Note IV.I. As a component unit, the BID's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2010. Separately issued financial statements of the Village of Shorewood Business Improvement District may be obtained from the BID's office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual 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 all financial resources except those required to be accounted for in another fund.

Debt service fund - accounts for resources accumulated and payments made for principal and interest on long-term debt other than TID or enterprise fund debt.

Capital Projects Fund - Tax Incremental District (TID) No. 1 - accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

Capital Projects Fund - General Capital Projects - accounts for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

The Village reports the following major enterprise funds:

Water Utility - accounts for operations of the water system

Sewer Utility - accounts for operations of the sewer system

Parking Utility - accounts for the operations of the parking system

The Village reports the following non-major governmental funds:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Library
- Library Gifts and Copy Fees
- CDBG
- Police Special Funds
- Immunization Program Funds
- Other Programs
- Health Special Funds
- Community Programming Fund
- Elder Services
- Neighborhood Loan Program
- Marketing Shorewood

Capital Projects Funds – Tax Incremental Financing District No. 3 - accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

In addition, the Village reports the following fund types:

Agency funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

- Tax Collection Fund

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Fund Financial Statements (continued)

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. 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.

All Financial Statements

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.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash 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 investments above Federal Depository Insurance limits and not registered in the Village's name, to be collateralized by securities specifically pledged to the Village. The collateral shall be in U.S. Treasuries, U.S. government agencies, U.S. government guaranteed securities, or general obligations of states or municipalities with the highest or second highest rating category. Collateral for time deposits or certificates of deposit shall be valued at market value at least monthly and be at least 100% of the investment after the effect of FDIC and State Guaranty coverage.

The Village did not comply with all portions of this policy as the accrued interest and increase in market value of certificates of deposit were uninsured and uncollateralized.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments (continued)

Interest Rate Risk

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. 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, 2010, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note IV. A. for further information.

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 assets.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables (continued)

Property tax calendar - 2010 tax roll:

Lien date and levy date	December 2010
Tax bills mailed	December 2010
Payment in full, or	January 31, 2011
First installment due	January 31, 2011
Second installment due	March 31, 2011
Third installment due	May 31, 2011
Personal property taxes in full	January 31, 2011
Tax sale - 2010 delinquent real estate taxes	October 2013

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.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

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.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$10,000 for infrastructure assets, and an estimated useful life in excess of 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.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Prior to January, 2010 intangible assets of the Village were not capitalized. Upon implementing GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*, governments are required to account for intangible assets, including easements and computer software, prospectively from the date of implementation. Retroactive reporting of significant intangible assets is required, excluding permanent or internally generated intangible assets. Capitalized intangible assets will be capitalized and amortized over the estimated remaining life. The Village determined that as of December 31, 2010 it had no significant intangible assets that were required to be reported.

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

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

Buildings	25-50 Years
Land Improvements	20 Years
Machinery and Equipment	5-20 Years
Utility System	14-108 Years
Infrastructure	20 - 50 Years

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

5. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

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, 2010, are determined on the basis of current salary rates and include salary related payments.

Vacation time is earned as of the employees' anniversary date and is to be used during the following year. These benefits are considered vested and will be liquidated with current and available resources; as such they are reported as a liability within the appropriate fund for both governmental and proprietary funds.

Employees can accumulate up to 180 days of sick leave. Upon eligible retirement and 20 years of service, employees 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 Village funds these benefits on a pay-as-you-go basis and funding comes from the Village's operating budget. During 2010, the Village paid \$28,097 toward health insurance premiums or income taxes for four (4) retirees under this program. The remaining unused sick leave bank for these retirees is reported as a government-wide liability of \$43,807.

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.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Other Post Employment 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 comes from the Village's operating budget. 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 liability.

8. 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 debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

The Village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated projects, and do not constitute indebtedness of the Village. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. There were no IRB's outstanding at year end.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. 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 V. C. on commitments and contingencies.

10. Equity Classifications

Government-Wide Statements

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

- a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (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 assets - Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets - All other net assets that do not meet the definitions of "restricted" or "invested in capital assets, net of related debt."

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

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Basis for Existing Rates

Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin (PSCW) and effective November 15, 2008. A 3% rate increase was filed and approved by the PSCW. This increase is scheduled to go into effect for usage beginning February 15, 2011.

Sewer Utility

Current sewer rates were approved by the Village board and effective on June 21, 2010. A second rate increase of 26% was also approved on June 21, 2010 and is scheduled to go into effect on May 15, 2011.

Parking Utility

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

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The details of this reconciliation include the following items.

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

Land	\$ 3,486,707
Right of way	882,402
Artwork	330,000
Construction in progress	1,295,195
Machinery and equipment	3,591,195
Buildings	382,314
Building improvements	7,916,159
Infrastructure	22,736,126
Less: Accumulated depreciation	<u>(18,239,672)</u>
Combined Adjustment for Capital Assets	\$ <u>22,380,426</u>

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets.

General obligation debt	\$ 20,745,463
(Discounts)/ Premiums	(63,726)
North Shore Fire Department obligations	969,870
Pension	499,101
OPEB	564,125
Retiree sick bank	43,807
Compensated absences	450,451
Capital lease	28,301
Accrued interest	<u>219,633</u>
Combined Adjustment for Long-Term Liabilities	\$ <u>23,457,025</u>

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for the General Fund, Debt Service, General Capital Projects, TIF No. 1, and the following Special Revenue Funds: Library, Library Gifts and Copy Fees, Police Special Funds, Immunization Program Funds, Health Special Funds, Community Programming, Elder Services, Marketing Shorewood, and the Neighborhood Loan Program Fund.

Budgets have not been formally adopted for TID No. 3, Community Development Block Grant, and the Other Programs Fund. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

The budgeted amounts presented include any amendments adopted during the year. The Village may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds Village Board action.

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.

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations are as follows:

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Finance	\$ 156,292	\$ 187,842	\$ 31,550
Fire department	1,999,816	2,023,168	23,352
Other public safety	600,451	624,050	23,599
Public works administration	205,757	208,222	2,465
Building maintenance	137,920	143,870	5,950
Combined collections	99,479	133,051	33,572
Recycling	157,735	157,875	140
Refuse disposal	148,248	169,750	21,502
DPW fringe benefits	431,579	439,243	7,664
Celebrations	22,123	28,310	6,187
Forestry	100,267	123,564	23,297
Transfers	145,000	202,000	57,000

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS (continued)

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Special Revenue Funds			
Police Special Funds	\$ 17,415	\$ 17,841	\$ 426
Health Special Funds	132,451	169,485	37,034
Community Program Fund	4,800	185,649	180,849
Elder Services Fund	158,134	160,626	2,492
Marketing Shorewood	75,000	93,120	18,120
Debt Service Fund	2,052,352	3,560,210	1,507,858
Capital Projects Fund			
TID No. 1 expenditures and transfers	1,459,977	5,578,903	4,118,926

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

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2010, the following individual funds held a deficit balance:

Fund	Amount
Special Revenue Fund - Elder Services	\$ 732
Capital Projects Fund - TID No. 3	56,060

The Elder Services Fund deficit is anticipated to be funded with future contributions or general tax revenues. TID No. 3's deficit will be funded with future tax increments.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

As part of Wisconsin's Act 20 (2007), legislation was passed that limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to new construction or 3.0% for the 2010 levy collected in 2011 and 0% for the 2011 levy collected in 2012. Changes in debt service from one year to the next are generally exempt from this limit. Prior year unused levy cannot be carried forward to future years. The Village had approximately \$503,624 of unused capacity for the 2010 levy.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS 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 assets 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	\$ -	\$ 1,521	N/A
Demand deposits	28,511,550	26,668,711	Custodial credit risk
LGIP	3,000,785	3,000,785	Credit and interest rate
Certificates of deposit	<u>4,039,235</u>	<u>4,039,235</u>	Custodial credit and interest rate
	<u>\$ 35,551,570</u>	<u>\$ 33,710,252</u>	

Reconciliation to financial statements

Per statement of net assets

Cash and cash equivalents	\$ 9,988,502
Investments	4,039,235
Restricted cash and cash equivalents	1,861,935

Per statement of net assets - Fiduciary Funds

Cash and cash equivalents	<u>17,820,580</u>
Total cash and investments	<u>\$ 33,710,252</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited for noninterest bearing accounts through December 31, 2012.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, 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.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

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.

As of December 31, 2010, \$1,090 of the Village's total bank balances of \$28,511,550 were exposed to custodial credit risk as they were uninsured and uncollateralized.

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. As of December 31, 2010, \$30,435 of the Village's total investments of \$4,039,235 were exposed to custodial credit risk as they were uninsured and uncollateralized.

Credit Risk

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

The Village held investments in the following external pools which are not rated:

Local Government Investment Pool

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, 2010, the Village's investments were as follows:

Investment Type	Fair Value	Maturity		
		Less than 1 year	1 - 2 years	2 - 3 years
LGIP	\$ 3,000,785	\$ 3,000,785	\$ -	\$ -
Certificates of deposit	4,039,235	751,820	2,524,740	762,675
Totals	\$ 7,040,020	\$ 3,752,605	\$ 2,524,740	\$ 762,675

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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 revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not 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 revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable for subsequent year	\$ -	\$ 11,530,172	\$ 11,530,172
Accrued interest receivable	2,730	-	2,730
Grant advances	-	28,928	28,928
Total Deferred/Unearned Revenue for Governmental Funds	\$ 2,730	\$ 11,559,100	\$ 11,561,830

Loans Receivable

The Village administers two loan programs, a Business Incentive Loan Program and a Neighborhood Loan Program. The Business Incentive Loan Program was established to assist businesses and property owners with financing business expansion and start up projects. The loans are secured through collateral and personal guarantees. Funding for the program is provided through TID No. 1. Business Incentive Loan Program loans outstanding at year end are as follows:

Loan	Amount Approved	Beginning Balance	Additions	Decreases	Ending Balance	Current Portion
Loan 1	\$ 35,000	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ -
Loan 2	100,000	1,500	98,500	3,000	97,000	4,000
Loan 3	102,500	-	102,500	-	102,500	-
Loan 4	109,000	-	55,419	-	55,419	-
Total	\$ 346,500	\$ 36,500	\$ 256,419	\$ 38,000	\$ 254,919	\$ 4,000

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

Loans Receivable (continued)

Loan two is a deferred interest loan, in that through 2012 only principal payments are required. Beginning in 2013, the borrower will begin to make principal and interest payments. The interest rate will be established in 2012 based on the Village's borrowing costs at that time or 3%, whichever is lower. Payments are due monthly through December, 2019.

Loan three is a deferred payment loan, in that no payments are due until April, 2012. The interest rate on this loan was established at 2% and accrued interest between the date of distribution and the first payment date will be added to the loan balance. Payments are due monthly through March, 2020.

Loan four has not been fully disbursed at of year end. Interest only payments will be due monthly upon distribution through February, 2012. These payments bear interest at 2.25%. Beginning in March, 2012 monthly principal and interest payments will be due through August, 2017. These payments bear interest at 4.50%.

In 2009, the Village began a Neighborhood Loan Program. This program is designed to assist residents in purchasing or making certain improvements to homes within the Village. All loans are non-interest bearing and are only due upon refinancing or sale of the property. As of December 31, 2010, 18 loans were authorized totaling \$191,325, of which \$182,725 was outstanding at year end. One loan was repaid during the year.

The Village also entered into a loan agreement with the operator of Hubbard Lodge. The Lodge is owned by the Village and is leased to a company that operates it as a restaurant. The loan was given to split the cost of certain building improvements. The agreement calls for repayment of one half of the cost of the improvements totaling \$54,580, or \$27,290, through year end. The loan will be repaid over four years and bears interest at 2.75%. Monthly repayments of approximately \$1,400 are due beginning January, 2011.

C. RESTRICTED ASSETS

As of December 31, 2010 the Village had \$1,861,935 of unspent bond proceeds. These proceeds can only be spent for the specific purposes. These funds have been reported as restricted assets within the TID No. 1 fund and on the Government-wide financial statements. It is anticipated that these funds will be utilized in 2011.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010, was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated				
Land	\$ 3,486,707	\$ -	\$ -	\$ 3,486,707
Right of way	882,402	-	-	882,402
Artwork	-	330,000	-	330,000
Construction in progress	718,372	1,354,897	778,074	1,295,195
Total Capital Assets Not Being Depreciated	5,087,481	1,684,897	778,074	5,994,304
Capital Assets being depreciated				
Machinery and equipment	3,471,607	216,018	96,429	3,591,196
Building improvements	82,558	299,756	-	382,314
Buildings	7,901,375	14,784	-	7,916,159
Infrastructure	22,736,126	-	-	22,736,126
Total Capital Assets Being Depreciated	34,191,666	530,558	96,429	34,625,795
Total Capital Assets	39,279,147	2,215,455	874,503	40,620,099
Less: Accumulated Depreciation for				
Machinery and equipment	2,074,218	318,701	77,142	2,315,777
Building improvements	16,639	19,116	-	35,755
Buildings	2,085,281	153,842	-	2,239,123
Infrastructure	12,880,776	768,242	-	13,649,018
Total Accumulated Depreciation	17,056,914	1,259,901	77,142	18,239,673
Net Depreciable Assets	17,134,752	(729,343)	19,287	16,386,122
Total Governmental Activities	\$ 22,222,233	\$ 955,554	\$ 797,361	\$ 22,380,426

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 60,873
Public safety	59,736
Health and social services	8,263
Public works, which includes the depreciation of infrastructure	971,285
Culture and recreation	159,744
Total Governmental Activities Depreciation Expense	\$ 1,259,901

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital Assets not being depreciated				
Land and land rights	\$ 233,345	\$ -	\$ -	\$ 233,345
Construction in progress	8,132	406,701	3,972	410,861
Total Capital Assets Not Being Depreciated	241,477	406,701	3,972	644,206
Capital Assets being depreciated				
Water utility system	2,929,482	62,071	28,991	2,962,562
Sewer collection system	6,244,812	121,041	-	6,365,853
Parking improvements	461,653	-	-	461,653
Machinery and equipment	821,261	36,401	-	857,662
Total Capital Assets Being Depreciated	10,457,208	219,513	28,991	10,647,730
Total Capital Assets	10,698,685	626,214	32,963	11,291,936
Less: Accumulated Depreciation for				
Water utility system	880,866	69,560	25,029	925,397
Sewer collection system	1,654,830	66,118	-	1,720,948
Parking improvements	402,864	19,580	-	422,444
Machinery and equipment	434,222	54,572	-	488,794
Total Accumulated Depreciation	3,372,782	209,830	25,029	3,557,583
Net Capital Assets, Being Depreciated	7,084,426	9,683	3,962	7,090,147
Business-type Capital Assets, Net of Accumulated Depreciation	\$ 7,325,903	\$ 416,384	\$ 7,934	\$ 7,734,353

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 78,328
Sewer	111,922
Parking	19,580
Total Business-type Activities Depreciation Expense	\$ 209,830

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – 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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Utility	\$ 266,460
General Fund	Sewer Utility	<u>130,784</u>
Total General Fund		<u>397,244</u>
TID No. 1	Water Utility	284,431
TID No. 1	TID No. 3	<u>44,548</u>
Total TID No. 1		<u>328,979</u>
Sub-Total		<u>726,223</u>
Less: Fund eliminations		<u>(44,548)</u>
Total Internal Balances - combined with advances		<u>\$ 681,675</u>

The principal purpose of these interfunds is to fund cash overdrafts. For the statement of net assets, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated. All interfunds above are considered short-term.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

Advances

The General Fund has advanced funds to the Water, Parking and Sewer Utilities. The Sewer Utility has advanced funds to the Water Utility and the Parking Utility has advanced funds to the Sewer Utility. Payment schedules have been established and interest is being charged on all of the advances. The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Not Due Within One Year
General Fund	Water Utility	\$ 49,124	\$ -
General Fund	Parking Utility	83,683	71,457
General Fund	Sewer Utility	600,000	567,431
Sub-total General Fund		732,807	638,888
Parking Utility	Sewer Utility	300,000	283,716
Sewer Utility	Water Utility	35,732	24,342
Total - Fund Financial Statements		1,068,539	\$ 946,946
Less: Fund eliminations		(335,732)	
Total Internal Balances - advances		732,807	
Total Internal Balances - due to/ due from's above		681,675	
Total Internal Balances - Government-Wide Statement of Net Assets		\$ 1,414,482	

Interfund advances are due as follows:

Years	General Fund Advance to						Total	
	Water Utility		Parking Utility		Sewer Utility		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2011	\$ 49,124	\$ 2,825	\$ 12,226	\$ 4,393	\$ 32,569	\$ 17,220	\$ 93,919	\$ 24,438
2012	-	-	12,868	3,752	33,504	16,285	46,372	20,037
2013	-	-	13,543	3,076	34,465	15,324	48,008	18,400
2014	-	-	14,254	2,365	35,454	14,335	49,708	16,700
2015	-	-	15,002	1,617	36,472	13,317	51,474	14,934
2016 - 2020	-	-	15,790	829	198,676	50,269	214,466	51,098
2021 - 2025	-	-	-	-	228,860	20,085	228,860	20,085
Total	\$ 49,124	\$ 2,825	\$ 83,683	\$ 16,032	\$ 600,000	\$ 146,835	\$ 732,807	\$ 165,692

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

Advances (continued)

<u>Years</u>	Business-Type Activity Advances					
	Sewer Advance to Water Utility		Parking Advance to Sewer Utility		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 11,390	\$ 1,608	\$ 16,284	\$ 8,610	\$ 27,674	\$ 10,218
2012	11,903	1,095	16,751	8,143	28,654	9,238
2013	12,439	560	17,232	7,662	29,671	8,222
2014	-	-	17,727	7,168	17,727	7,168
2015	-	-	18,235	6,659	18,235	6,659
2016 - 2020	-	-	99,335	25,135	99,335	25,135
2021 - 2025	-	-	114,436	10,034	114,436	10,034
Total	<u>\$ 35,732</u>	<u>\$ 3,263</u>	<u>\$ 300,000</u>	<u>\$ 73,411</u>	<u>\$ 335,732</u>	<u>\$ 76,674</u>

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility	\$ 60,237	Payment in lieu of taxes
General Fund	Sewer Utility	4,564	Payment in lieu of taxes
General Fund	Parking Utility	32,365	Payment in lieu of taxes
General Fund	Library	6,591	Administration allocation
General Fund	Health Special Funds	19,999	Reimbursement of salaries paid by grants
Sub-Total General Fund		<u>123,756</u>	
Debt Service Fund	TID No. 1	679,491	Debt service
			Reimbursement of prior years expenditures
Debt Service Fund	TID No. 3	5,873	
Debt Service Fund	General Fund	31,592	Refunding interest payment
Sub-Total Debt Service Fund		<u>716,956</u>	
TID No. 1	TID No. 3	400,000	Shared project costs
Capital Projects Fund	General Fund	165,908	Program subsidy
Community Programming	General Fund	4,500	Program subsidy
Community Programming	Marketing Shorewood	5,250	Program subsidy
Marketing Shorewood	TID No. 1	10,000	Program subsidy
Sub-Total Nonmajor Funds		<u>19,750</u>	
Total - Fund Financial Statements		1,426,370	
Less: Fund Eliminations		(1,329,204)	
Water Utility	Governmental Activities	(108,464)	Assets constructed by TID No. 1
Total Transfer - Government wide Statement of Activities		<u>\$ (11,298)</u>	

The Business-type Activities financial statements include a transfer of \$108,464 for capital assets constructed by Governmental Activities. This transfer is not considered to be a transfer in the Governmental Fund financial statements as capital asset additions are reported as expenditures.

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-type Activities	\$ 97,166
Business-type Activities	Governmental Activities	<u>(108,464)</u>
Total Government-wide Financial Statements		<u>\$ (11,298)</u>

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

Transfers (continued)

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.

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 15,013,402	\$ 8,461,554	\$ 2,729,493	\$ 20,745,463	\$ 1,187,620
(Discounts) / premiums	13,336	(81,222)	(4,160)	(63,726)	(4,160)
Total GO Debt	15,026,738	8,380,332	2,725,333	20,681,737	1,183,460
Other liabilities					
NSFD - WFB	646,581	34,259	38,654	642,186	47,439
NSFD - Bayside	347,011	-	19,327	327,684	20,206
Pension	925,961	-	426,860	499,101	86,808
OPEB	380,575	318,000	134,450	564,125	134,450
Compensated absences	386,592	83,475	19,616	450,451	-
Retiree sick leave bank	52,288	19,616	28,097	43,807	9,421
Capital Leases	54,876	-	26,575	28,301	28,301
Total Other liabilities	2,793,884	455,350	693,579	2,555,655	326,625
Total Governmental Activities	\$ 17,820,622	\$ 8,835,682	\$ 3,418,912	\$ 23,237,392	\$ 1,510,085
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 2,645,085	\$ 143,446	\$ 379,819	\$ 2,408,712	\$ 268,234
Other liabilities					
Vested compensated absences	56,907	7,908	-	64,815	-
Total Business-type Activities	\$ 2,701,992	\$ 151,354	\$ 379,819	\$ 2,473,527	\$ 268,234

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS(continued)

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 five percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2010, was \$71,884,345. Total general obligation debt outstanding at year end was \$23,154,176.

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2010
Governmental Activities					
General Obligation Debt					
Taxable issues					
Refunding Bonds	12/1/2005	11/30/2015	5.10 - 5.25%	\$ 2,035,000	\$ 1,255,000
Build America Bonds	5/11/2010	5/1/2022	1.35 - 4.85%	3,885,000	3,885,000
Bonds	5/11/2010	5/1/2025	1.00 - 5.20%	4,576,554	4,576,554
Tax-exempt issues					
Refunding Bonds	3/1/2002	9/1/2018	2.13 - 4.75%	7,335,000	3,955,000
Refunding Bonds	12/1/2005	11/30/2021	4.13%	1,700,000	1,700,000
State Trust Fund Loan	4/22/2004	3/15/2014	3.75%	133,000	58,909
Community Dev Bonds	2/12/2008	8/1/2022	3.15%	3,520,000	3,295,000
Promissory Note	12/20/2006	4/1/2016	3.60 - 3.65%	920,000	490,000
	11/18/2008	10/1/2018	3.00 - 4.30%	1,740,000	1,530,000
Total Governmental Activities General Obligation Debt					<u>\$ 20,745,463</u>
Business-type Activities					
General Obligation Debt					
Taxable issues					
Bonds	5/11/2010	5/1/2025	1.00 - 5.20%	\$ 143,446	\$ 143,446
Tax-exempt issues					
Clean Water Fund	6/15/1998	5/1/2018	2.64%	988,737	692,853
State Trust Fund Loan	4/22/2004	3/15/2014	3.75%	129,000	87,413
Promissory Notes	12/20/2006	4/1/2016	3.60 - 3.65%	1,165,000	945,000
	11/18/2008	10/1/2018	3.00 - 4.30%	595,000	540,000
Total Business-type Activities General Obligation Debt					<u>\$ 2,408,712</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – 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
2011	\$ 1,187,620	\$ 823,222	\$ 268,234	\$ 80,207
2012	1,457,744	770,069	291,081	71,257
2013	1,587,896	713,602	299,023	61,587
2014	1,558,064	655,099	312,029	51,528
2015	1,772,512	590,842	349,719	40,410
2016 - 2020	9,384,287	1,788,021	825,968	65,288
2021 - 2025	3,797,340	240,950	62,658	8,425
Totals	\$ 20,745,463	\$ 5,581,805	\$ 2,408,712	\$ 378,702

Capital Leases

Refer to Note IV. G.

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. During 2010 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 21, 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 North Shore Fire Department 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 17.57% for the Village of Shorewood. The Village's original share of the debt was 17.89% or \$897,184. The principal and interest payments paid by the Village in 2010 were \$38,654 and \$26,814, respectively. The outstanding balance at December 31, 2010, is \$642,186.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – 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. 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. Payments began in 2004.

In 2010, the percentage was 17.57%. The principal and interest payments paid by the Village in 2010 were \$19,327 and \$12,956 respectively. The outstanding balance at December 31, 2010 was \$327,684.

Debt service requirements to maturity are as follows:

Year	Governmental Activities			
	NSFD WFB Obligation		NSFD Bayside Obligation	
	Principal	Interest	Principal	Interest
2011	\$ 47,439	\$ 13,977	\$ 20,206	\$ 12,308
2012	48,318	13,635	21,084	11,632
2013	49,196	12,268	21,963	10,926
2014	50,075	11,275	22,841	10,190
2015	50,953	10,265	23,720	9,424
2016 - 2020	274,972	34,399	130,898	33,594
2021 - 2023	121,233	3,603	86,972	7,350
Totals	\$ 642,186	\$ 99,422	\$ 327,684	\$ 95,424

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the General Fund.

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

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS(continued)

Current Refunding

On May 11, 2010 the Village issued \$4,725,000 in Taxable General Obligation Corporate Purpose Bonds with an average interest rate of 4.39% to refund \$839,570 and \$930,068 of two outstanding State Trust Fund Loans. Both issues of refunded debt had an average interest rate of 5.25%. The net proceeds of \$1,793,054 were used to prepay the outstanding debt service on the loans. The remaining proceeds of the new debt issue of \$2,838,438, (net of issuance costs, discount and rounding of \$93,508) were issued for community development projects.

The cash flow requirements on the refunded debt prior to the current refunding were \$2,635,152 due from 2011 to 2025. The cash flow requirements on the new bonds are \$2,570,393 from 2010 to 2025. The current refunding resulted in an economic gain (the difference between the present values of the debt service payments on the old and the new debt) of \$50,497.

G. LEASE DISCLOSURES

Lessee - Capital Leases

In 2001, the Village entered into a lease agreement with Honeywell Energy equipment. The gross amount of the assets under capital lease is \$218,090 and is included in the governmental activities capital assets. The Village has one remaining payment of \$28,301 in principal and \$494 of interest due in 2011.

Lessor - Operating Leases

In 2010 the Village entered into a lease agreement with a local restaurant owner to lease out the Hubbard Park Lodge. The property is included in the Village's capital assets with a historical cost of \$80,800. The lease is a ten year lease with the option to renew after the eighth year. The lease requires the lessee to make annual capital improvements of \$10,000. The future minimum rentals are \$12,000 in 2011, \$25,000 in 2012, \$26,000 in 2013, \$27,040 in 2014, \$28,122 in 2015 and the payments in 2016 through 2020 are scheduled to be the higher of \$30,000 or 4% of the previous year's gross revenues on the property. Total future minimum payments equal \$268,162.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

H. NET ASSETS

Net assets reported on the government wide statement of net assets at December 31, 2010, includes the following:

Governmental Activities

	Goevernmental Activities	Business-type Activities
Invested in capital assets, net of related debt		
Capital Assets		
Land	\$ 3,486,707	\$ 233,345
Right of way	882,402	-
Artwork	330,000	-
Construction in progress	1,295,195	410,861
Structures, improvements and equipment	34,625,795	10,647,730
Accumulated depreciation	<u>(18,239,673)</u>	<u>(3,557,583)</u>
Total Capital Assets	<u>22,380,426</u>	<u>7,734,353</u>
Capital Related Debt		
General Obligation Debt	(20,745,463)	(2,408,712)
Capital Lease	(28,301)	-
Less Non-Capital Related Debt Issuances		
2005 Taxable G.O. Refunding Bonds	1,255,000	-
2005 Tax-exempt G.O. Refunding Bonds	1,700,000	-
2010A Taxable G.O. Build America Bonds	2,665,000	-
2010B Taxable G.O. Bonds	<u>4,576,554</u>	<u>143,446</u>
Total Capital Related Debt	<u>(10,577,210)</u>	<u>(2,265,266)</u>
Non-capital debt proceeds		
Unamortized issue costs on capital related debt	<u>-</u>	<u>19,698</u>
Invested in capital assets net of related debt	<u>\$ 11,803,216</u>	<u>\$ 5,488,785</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT

VILLAGE OF SHOREWOOD BUSINESS IMPROVEMENT DISTRICT

This report contains the Village of Shorewood Business Improvement District (BID), which is included as a component unit. Financial information is presented as a discrete column in the statement of net assets, 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 \$82,578. The bank value was \$84,452 the difference is due to outstanding checks and or deposits in transit.

c. Facade Improvement Program

The district is administrating a facade program for the Village of Shorewood's TID No. 1. The facade improvement program has been funded annually by a grant from the TID No. 1. In 2010 TID No. 1 contributed \$150,000 for improvements and \$25,000 for administration. Unspent funds at the end of the grant period revert back to the TID.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

NOTE V - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible Village employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Village employees covered by the system for the year ended December 31, 2010, was \$4,563,443; the employer's total payroll was \$4,743,079. The total required contribution for the year ended December 31, 2010, was \$673,583 or 14.8 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2009, and 2008 were \$656,118 and \$615,782, respectively, equal to the required contributions for each year.

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

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

As of December 31, 2010 there was no pension related debt for the Village.

Protective employees of the Village hired prior to 1948 are covered under the Village's police and fire pension funds established under Chapter 62 of the Wisconsin Statutes. The Village has not obtained an actuarial valuation of these pension plans which were assumed by the Wisconsin Retirement Fund as of April 1, 1978. The total Village contribution to the fund during 2010 was \$112,612. The cost of estimated future payments, based on mortality tables, is \$499,101.

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V - OTHER INFORMATION (continued)

B. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. 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.

C. COMMITMENTS AND CONTINGENCIES

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

The Village has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Funding for the operating budget of the Village comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the Village. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the Village.

D. LAND HELD FOR RESALE

During 2003, 2004 and 2005 the Village purchased certain parcels of land for a cost of \$1.2 million. These properties are included in the Village's TID No. 1 and are part of the Village's redevelopment plan. It is the intent of the Village to sell these properties at market value. The carrying value of the land held for resale is at the lower of cost or market.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V - OTHER INFORMATION (continued)

E. JOINT VENTURES

North Shore Public Safety Communications Commission

The Village of Shorewood and the City of Glendale and the Village of Whitefish Bay 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-ambulance-paramedic dispatching services. The communities share in the operation of the commission based on a cost apportionment formula which considers population, equalized valuation and number of municipalities involved. The Village's share of costs for 2010 was \$312,696. The Village believes that the commission will continue to provide these services in the future at similar rates.

The governing body is made up of citizens from each community. Local representatives are appointed by the governing body of each Village. The governing body has authority to adopt its own budget and control the financial affairs of the district. The fiscal agent for the commission is the Village of Whitefish Bay.

Financial information of the NSPSCC as of December 31, 2010 is available directly from the NSPSCC's office.

The Village does not have an equity interest in the North Shore Public Safety Communications Commission.

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 under an agreement dated December 31, 1994. The North Shore Fire Department furnishes fire and emergency medical services. The North Shore Fire Department (NSFD) is operated by a Board of Directors consisting of seven members which includes one representative and one alternative member from each community. Only one member may vote from each municipality.

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

The Village accounts for its share of the operations of the North Shore Fire Department in the general fund. The Village's share of operations for 2010 was \$1,882,466 and \$69,331 for capital purchases. The Village believes that the North Shore Fire Department will continue to provide these services in the future at similar rates.

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

VILLAGE OF SHREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V - OTHER INFORMATION (continued)

F. 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 and contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the Village and the union. 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 that year. The Village contributes 50 percent and 100 percent of the current year premiums for a family and a single plan, respectively, for eligible retired plan members and their spouses assuming employee has 20 years of service with the Village and is not currently eligible for Medicare. For 2010, the Village contributed \$33,150 to the plan. Plan members receiving benefits contribute 50 percent and zero percent of their premium costs for a family plan and a single plan, respectively. For 2010, total member contributions were \$101,300. Administrative costs of the plan are financed through investment earnings.

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 thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the Village's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$	318,000
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		318,000
Contributions made		(134,450)
Increase in net OPEB Liability		183,550
Net OPEB Liability - beginning of year		380,575
Net OPEB Liability - end of year	\$	<u>564,125</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE V - OTHER INFORMATION (continued)

F. OTHER POSTEMPLOYMENT BENEFITS (continued)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2008	\$ 318,000	37%	\$ 200,574
12/31/2009	318,000	43%	380,575
12/31/2010	318,000	42%	564,125

The funded status of the plan as of December 31, 2007, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 4,446,000
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 4,446,000</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 4,343,601
UAAL as a percentage of covered payroll	102%

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 multiyear 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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS December 31, 2010

NOTE V - OTHER INFORMATION (continued)

F. OTHER POSTEMPLOYMENT BENEFITS (continued)

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, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4 percent investment rate of return and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 4 percent after 8 years. Both rates include a 1 percent inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, is 30 years.

G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, and State No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of these standards may restate portions of these financial statements.

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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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
TAXES				
General property taxes for village purposes	\$ 7,521,390	\$ 7,521,390	\$ 7,521,390	\$ -
INTERGOVERNMENTAL				
Shared taxes from state	314,413	314,413	331,526	17,113
State expenditure restraint program	279,193	279,193	275,909	(3,284)
Fire insurance tax from state	-	-	45,977	45,977
State aid - highway aids	321,430	321,430	321,486	56
State aid - exempt computer aid	2,500	2,500	1,375	(1,125)
State aid - services to state	944	944	814	(130)
State aid - recycling	85,000	85,000	81,609	(3,391)
FEMA disaster aid	-	-	33,017	33,017
Health grants	5,000	5,000	8,079	3,079
Total Intergovernmental Revenue	<u>1,008,480</u>	<u>1,008,480</u>	<u>1,099,792</u>	<u>91,312</u>
REGULATION AND COMPLIANCE				
Liquor and malt beverage licenses	16,000	16,000	16,197	197
Business and occupation Village licenses	3,500	3,500	3,098	(402)
Bicycle licenses	400	400	350	(50)
Pet licenses	6,400	6,400	6,545	145
Weights and measures	3,127	3,127	2,997	(130)
Security alarm permits	2,750	2,750	2,460	(290)
Building permits	115,000	115,000	121,558	6,558
Code compliance permits	18,500	18,500	18,065	(435)
DCD inspection permits	119,000	119,000	127,971	8,971
Street night permits	25,976	25,976	18,965	(7,011)
Cable TV franchise	152,000	152,000	169,332	17,332
Court penalties and costs	185,529	185,529	129,485	(56,044)
Parking violations	411,541	411,541	333,767	(77,774)
Late payment penalty	1,700	1,700	1,989	289
Total Regulation and Compliance Revenue	<u>1,061,423</u>	<u>1,061,423</u>	<u>952,779</u>	<u>(108,644)</u>
PUBLIC CHARGES FOR SERVICES				
Clerk/treasurer fees	3,150	3,150	3,296	146
Data processing charge - water	5,000	5,000	4,920	(80)
Data processing charge - sewer	5,000	5,000	5,280	280
Health department fees	1,000	1,000	900	(100)

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Police inspection fees	\$ 12,469	\$ 12,469	\$ 19,275	\$ 6,806
False alarm charges	6,650	6,650	4,406	(2,244)
Police patrol - parking	41,669	41,669	37,199	(4,470)
Whitefish Bay contract - health department	66,941	66,941	66,941	-
Equipment rental - water	16,000	16,000	16,986	986
Equipment rental - sewer	12,000	12,000	9,445	(2,555)
School vehicle maintenance	-	-	53	53
Police department vehicle maintenance	3,000	3,000	3,097	97
Special refuse collection fees	17,500	17,500	10,190	(7,310)
Disposal fees	1,800	1,800	3,604	1,804
Whitefish Bay contract - public works yard	11,500	11,500	11,249	(251)
Recycling rebate	21,000	21,000	50,411	29,411
Extra kart charge	1,200	1,200	9,351	8,151
Off road gas tax refund	1,150	1,150	1,717	567
Printing and copies of maps	3,000	3,000	3,154	154
Total Public Charges for Services	<u>230,029</u>	<u>230,029</u>	<u>261,474</u>	<u>31,445</u>
INVESTMENT INCOME				
Interest on investments	<u>230,000</u>	<u>230,000</u>	<u>152,659</u>	<u>(77,341)</u>
COMMERCIAL REVENUE				
Hubbard Lodge rent	10,000	10,000	12,000	2,000
Insurance rebate and dividends	7,500	7,500	21,269	13,769
Donations	6,500	6,500	3,719	(2,781)
Miscellaneous	5,200	5,200	3,306	(1,894)
Total Commercial Revenue	<u>29,200</u>	<u>29,200</u>	<u>40,294</u>	<u>11,094</u>
TOTAL REVENUES	<u>10,080,522</u>	<u>10,080,522</u>	<u>10,028,388</u>	<u>(52,134)</u>
GENERAL GOVERNMENT				
Board	34,202	34,202	24,582	9,620
Manager	272,139	636,539	276,309	360,230
Customer service	146,004	146,004	140,043	5,961
Finance	156,292	156,292	187,842	(31,550)
Clerk	222,880	222,880	219,761	3,119
Assessment of property	54,175	54,175	51,792	2,383
Boards and commissions	5,999	5,999	5,192	807
Legal counseling	114,011	114,011	112,481	1,530

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
Municipal court	\$ 107,133	\$ 107,133	\$ 85,924	\$ 21,209
Total General Government	1,112,835	1,477,235	1,103,926	373,309
PUBLIC SAFETY				
Police department	3,555,750	3,555,750	3,490,837	64,913
Fire department	1,999,816	1,999,816	2,023,168	(23,352)
Other public safety	600,451	600,451	624,050	(23,599)
Total Public Safety	6,156,017	6,156,017	6,138,055	17,962
HEALTH AND SOCIAL SERVICES				
Health department	224,758	224,758	205,994	18,764
PUBLIC WORKS				
Public works administration	205,757	205,757	208,222	(2,465)
Municipal garage	282,482	282,482	280,107	2,375
Building maintenance	137,920	137,920	143,870	(5,950)
Building electric	4,692	4,692	2,331	2,361
Hubbard Lodge	4,000	4,000	1,923	2,077
Combined collections	99,479	99,479	133,051	(33,572)
Leaf collection	83,629	83,629	57,557	26,072
Recycling	157,735	157,735	157,875	(140)
Refuse disposal	148,248	148,248	169,750	(21,502)
Traffic device	35,962	35,962	22,741	13,221
Street lighting	110,779	110,779	106,663	4,116
Street and alley	64,709	64,709	53,975	10,734
Street marking	14,968	14,968	13,000	1,968
Street sweeping	8,043	8,043	8,011	32
Winter maintenance	132,032	132,032	79,361	52,671
DPW fringe benefits	431,579	431,579	439,243	(7,664)
Total Public Works	1,922,014	1,922,014	1,877,680	44,334
CULTURE AND RECREATION				
Parks and beautification	188,474	188,474	134,866	53,608
Village center	9,243	9,243	5,918	3,325
Celebrations	22,123	22,123	28,310	(6,187)
Atwater beach	1,904	1,904	1,763	141
Total Culture and Recreation	221,744	221,744	170,857	50,887

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, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
CONSERVATION AND DEVELOPMENT				
Planning and development	\$ 431,978	\$ 431,978	\$ 418,405	\$ 13,573
Forestry	100,267	100,267	123,564	(23,297)
Total Conservation and Development	<u>532,245</u>	<u>532,245</u>	<u>541,969</u>	<u>(9,724)</u>
TOTAL EXPENDITURES	<u>10,169,613</u>	<u>10,534,013</u>	<u>10,038,481</u>	<u>495,532</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>(89,091)</u>	<u>(453,491)</u>	<u>(10,093)</u>	<u>443,398</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	89,091	89,091	123,756	34,665
Transfers out	<u>(145,000)</u>	<u>(145,000)</u>	<u>(202,000)</u>	<u>(57,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(55,909)</u>	<u>(55,909)</u>	<u>(78,244)</u>	<u>(22,335)</u>
Net change in fund balance	<u>\$ (145,000)</u>	<u>\$ (509,400)</u>	<u>(88,337)</u>	<u>\$ 421,063</u>
FUND BALANCE - Beginning of Year			<u>5,072,133</u>	
FUND BALANCES - END OF YEAR			<u>\$ 4,983,796</u>	

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%
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Note: The Village is required to present the above information for the three most recent actuarial studies. The above referenced study was performed as of January 1, 2007 and this is the only study that has been required or completed.

VILLAGE OF SHOREWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

Budgetary Information

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

Excess expenditures over appropriations are as follows:

General Fund	Final Budget	Expenditures	Excess
Finance	\$ 156,292	\$ 187,842	\$ 31,550
Fire department	1,999,816	2,023,168	23,352
Other public safety	600,451	624,050	23,599
Public works administration	205,757	208,222	2,465
Building maintenance	137,920	143,870	5,950
Combined collections	99,479	133,051	33,572
Recycling	157,735	157,875	140
Refuse disposal	148,248	169,750	21,502
DPW fringe benefits	431,579	439,243	7,664
Celebrations	22,123	28,310	6,187
Forestry	100,267	123,564	23,297
Transfers	145,000	202,000	57,000

Funding Progress Schedule

The data presented in the Schedule of Funding Progress was taken from the reports issued by the actuary.

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SUPPLEMENTARY INFORMATION

VILLAGE OF SHOREWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010

	Special Revenue Funds				
	Library	Library Gifts and Copy Fees	CDBG	Police Special Funds	Immunization Program Funds
ASSETS					
Cash and cash equivalents	\$ 697,897	\$ 51,277	\$ -	\$ 20,856	\$ 100,579
Taxes receivable	309,343	-	-	-	-
Due from other governments	-	-	-	-	-
Prepays	1,032	-	-	-	-
Loans receivable	-	-	-	-	-
TOTAL ASSETS	\$ 1,008,272	\$ 51,277	\$ -	\$ 20,856	\$ 100,579
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 7,766	\$ 965	\$ -	\$ -	\$ -
Accrued liabilities	19,536	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenues	784,205	-	-	-	-
Total Liabilities	811,507	965	-	-	-
Fund Balances (Deficits)					
Reserved for non-current assets	1,032	-	-	-	-
Unreserved					
Designated for specific purposes	74,032	50,312	-	15,416	80,407
Designated for 2011 budget	121,701	-	-	5,440	20,172
Undesignated (deficit)	-	-	-	-	-
Total Fund Balances (Deficit)	196,765	50,312	-	20,856	100,579
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,008,272	\$ 51,277	\$ -	\$ 20,856	\$ 100,579

Special Revenue Funds						Capital	Total
Other	Health	Community	Elder	Neighborhood	Marketing	Projects	Total
Programs	Special	Programming	Services	Loan	Shorewood	Fund	Nonmajor
	Funds	Fund		Program		TID No. 3	Governmental
							Funds
\$ 73,489	\$ 26,479	\$ 19,791	\$ 52,722	\$ 152,769	\$ 11,883	\$ -	\$ 1,207,742
-	-	1,775	32,049	-	13,806	-	356,973
-	11,045	2,299	-	-	20,000	-	33,344
-	-	-	859	-	-	-	1,891
-	-	-	-	182,725	-	-	182,725
<u>\$ 73,489</u>	<u>\$ 37,524</u>	<u>\$ 23,865</u>	<u>\$ 85,630</u>	<u>\$ 335,494</u>	<u>\$ 45,689</u>	<u>\$ -</u>	<u>\$ 1,782,675</u>
\$ -	\$ 1,495	\$ 11,510	\$ 2,118	\$ -	\$ 1,084	\$ 11,512	\$ 36,450
-	-	-	2,998	-	-	-	22,534
-	-	-	-	-	-	44,548	44,548
-	28,928	4,500	81,246	-	35,000	-	933,879
-	30,423	16,010	86,362	-	36,084	56,060	1,037,411
-	-	-	859	182,725	-	-	184,616
73,489	7,101	7,855	-	1,787	9,605	-	320,004
-	-	-	-	150,982	-	-	298,295
-	-	-	(1,591)	-	-	(56,060)	(57,651)
<u>73,489</u>	<u>7,101</u>	<u>7,855</u>	<u>(732)</u>	<u>335,494</u>	<u>9,605</u>	<u>(56,060)</u>	<u>745,264</u>
<u>\$ 73,489</u>	<u>\$ 37,524</u>	<u>\$ 23,865</u>	<u>\$ 85,630</u>	<u>\$ 335,494</u>	<u>\$ 45,689</u>	<u>\$ -</u>	<u>\$ 1,782,675</u>

VILLAGE OF SHOREWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	Special Revenue Funds				
	Library	Library Gifts and Copy Fees	CDBG	Police Special Funds	Immunization Program Funds
REVENUES					
Taxes	\$ 784,205	\$ -	\$ -	\$ -	\$ -
Intergovernmental	66,971	-	2,500	8,940	-
Regulation and compliance	-	-	-	8,673	-
Public charges for service	53,665	-	-	-	13,391
Donations	7,419	4,815	-	-	-
Investment income	-	440	-	-	-
Commercial	34	-	-	489	-
Total Revenues	<u>912,294</u>	<u>5,255</u>	<u>2,500</u>	<u>18,102</u>	<u>13,391</u>
EXPENDITURES					
Current					
Public safety	-	-	-	17,841	-
Health and social services	-	-	-	-	6,164
Culture and recreation	866,238	15,349	2,500	-	-
Conservation and development	-	-	-	-	-
Debt Service					
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>866,238</u>	<u>15,349</u>	<u>2,500</u>	<u>17,841</u>	<u>6,164</u>
Excess (deficiency) of revenues over expenditures	<u>46,056</u>	<u>(10,094)</u>	<u>-</u>	<u>261</u>	<u>7,227</u>
OTHER FINANCING SOURCES (USES)					
General obligation debt issued	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(6,591)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(6,591)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	39,465	(10,094)	-	261	7,227
FUND BALANCES (DEFICIT) - Beginning of Year	<u>157,300</u>	<u>60,406</u>	<u>-</u>	<u>20,595</u>	<u>93,352</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 196,765</u>	<u>\$ 50,312</u>	<u>\$ -</u>	<u>\$ 20,856</u>	<u>\$ 100,579</u>

Other Programs	Special Revenue Funds					Capital Projects Fund	Total Nonmajor Governmental Funds
	Health Special Funds	Community Programming Fund	Elder Services	Neighborhood Loan Program	Marketing Shorewood	TID No. 3	
\$ -	\$ -	\$ -	\$ 84,283	\$ -	\$ 30,000	\$ -	\$ 898,488
-	140,955	-	10,000	-	-	14,740	244,106
-	-	3,284	-	-	-	-	11,957
-	-	38,463	38,491	-	-	-	144,010
-	-	137,334	31,164	-	39,475	-	220,207
-	-	-	-	-	-	1,929	2,369
-	-	-	-	-	-	-	523
-	140,955	179,081	163,938	-	69,475	16,669	1,521,660
-	-	-	-	-	-	-	17,841
-	169,485	-	-	-	-	-	175,649
-	-	185,649	160,626	-	-	-	1,230,362
-	-	-	-	3,152	93,120	58,044	154,316
-	-	-	-	-	-	8,382	8,382
-	169,485	185,649	160,626	3,152	93,120	66,426	1,586,550
-	(28,530)	(6,568)	3,312	(3,152)	(23,645)	(49,757)	(64,890)
-	-	-	-	-	-	482,161	482,161
-	-	9,750	-	-	10,000	-	19,750
-	(19,999)	-	-	-	(5,250)	(405,873)	(437,713)
-	(19,999)	9,750	-	-	4,750	76,288	64,198
-	(48,529)	3,182	3,312	(3,152)	(18,895)	26,531	(692)
73,489	55,630	4,673	(4,044)	338,646	28,500	(82,591)	745,956
\$ 73,489	\$ 7,101	\$ 7,855	\$ (732)	\$ 335,494	\$ 9,605	\$ (56,060)	\$ 745,264

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

(continued)

	Library			Library Gifts and Copy Fees		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 784,205	\$ 784,205	\$ -	\$ -	\$ -	\$ -
Intergovernmental	66,685	66,971	286	-	-	-
Regulation and compliance	-	-	-	-	-	-
Public charges for service	55,224	53,665	(1,559)	-	-	-
Donations	11,230	7,419	(3,811)	15,500	4,815	(10,685)
Investment income	-	-	-	-	440	440
Commercial	-	34	34	-	-	-
Total Revenues	<u>917,344</u>	<u>912,294</u>	<u>(5,050)</u>	<u>15,500</u>	<u>5,255</u>	<u>(10,245)</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	915,553	866,238	49,315	15,500	15,349	151
Conservation and development	-	-	-	-	-	-
Total Expenditures	<u>915,553</u>	<u>866,238</u>	<u>49,315</u>	<u>15,500</u>	<u>15,349</u>	<u>151</u>
Excess (deficiency) of revenues over expenditures	<u>1,791</u>	<u>46,056</u>	<u>44,265</u>	<u>-</u>	<u>(10,094)</u>	<u>(10,094)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>(6,591)</u>	<u>(6,591)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(6,591)</u>	<u>(6,591)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (4,800)</u>	<u>39,465</u>	<u>\$ 44,265</u>	<u>\$ -</u>	<u>(10,094)</u>	<u>\$ (10,094)</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>157,300</u>			<u>60,406</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 196,765</u>			<u>\$ 50,312</u>	

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

(continued)

	Police Special Funds			Immunization Program Funds		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,840	8,940	5,100	-	-	-
Regulation and compliance	12,925	8,673	(4,252)	-	-	-
Public charges for service	-	-	-	12,500	13,391	891
Donations	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Commercial	650	489	(161)	-	-	-
Total Revenues	<u>17,415</u>	<u>18,102</u>	<u>687</u>	<u>12,500</u>	<u>13,391</u>	<u>891</u>
EXPENDITURES						
Current						
Public safety	17,415	17,841	(426)	-	-	-
Health and social services	-	-	-	12,500	6,164	6,336
Culture and recreation	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-
Total Expenditures	<u>17,415</u>	<u>17,841</u>	<u>(426)</u>	<u>12,500</u>	<u>6,164</u>	<u>6,336</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>261</u>	<u>261</u>	<u>-</u>	<u>7,227</u>	<u>7,227</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>261</u>	<u>\$ 261</u>	<u>\$ -</u>	<u>7,227</u>	<u>\$ 7,227</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>20,595</u>			<u>93,352</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 20,856</u>			<u>\$ 100,579</u>	

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

(continued)

	Health Special Funds			Community Programming Fund		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	132,451	140,955	8,504	-	-	-
Regulation and compliance	-	-	-	4,800	3,284	(1,516)
Public charges for service	-	-	-	-	38,463	38,463
Donations	-	-	-	-	137,334	137,334
Investment income	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Total Revenues	<u>132,451</u>	<u>140,955</u>	<u>8,504</u>	<u>4,800</u>	<u>179,081</u>	<u>174,281</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
Health and social services	132,451	169,485	(37,034)	-	-	-
Culture and recreation	-	-	-	4,800	185,649	(180,849)
Conservation and development	-	-	-	-	-	-
Total Expenditures	<u>132,451</u>	<u>169,485</u>	<u>(37,034)</u>	<u>4,800</u>	<u>185,649</u>	<u>(180,849)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(28,530)</u>	<u>(28,530)</u>	<u>-</u>	<u>(6,568)</u>	<u>(6,568)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	9,750	9,750
Transfers out	-	(19,999)	(19,999)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(19,999)</u>	<u>(19,999)</u>	<u>-</u>	<u>9,750</u>	<u>9,750</u>
Net change in fund balance	<u>\$ -</u>	<u>(48,529)</u>	<u>\$ (48,529)</u>	<u>\$ -</u>	<u>3,182</u>	<u>\$ 3,182</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>55,630</u>			<u>4,673</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 7,101</u>			<u>\$ 7,855</u>	

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

(continued)

	Elder Services			Marketing Shorewood		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 84,283	\$ 84,283	\$ -	\$ 30,000	\$ 30,000	\$ -
Intergovernmental	9,500	10,000	500	-	-	-
Regulation and compliance	-	-	-	-	-	-
Public charges for service	28,767	38,491	9,724	-	-	-
Donations	35,584	31,164	(4,420)	35,000	39,475	4,475
Investment income	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Total Revenues	<u>158,134</u>	<u>163,938</u>	<u>5,804</u>	<u>65,000</u>	<u>69,475</u>	<u>4,475</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	158,134	160,626	(2,492)	-	-	-
Conservation and development	-	-	-	75,000	93,120	(18,120)
Total Expenditures	<u>158,134</u>	<u>160,626</u>	<u>(2,492)</u>	<u>75,000</u>	<u>93,120</u>	<u>(18,120)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3,312</u>	<u>3,312</u>	<u>(10,000)</u>	<u>(23,645)</u>	<u>(13,645)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	10,000	10,000	-
Transfers out	-	-	-	-	(5,250)	(5,250)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>4,750</u>	<u>(5,250)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,312</u>	<u>\$ 3,312</u>	<u>\$ -</u>	<u>(18,895)</u>	<u>\$ (18,895)</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>(4,044)</u>			<u>28,500</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ (732)</u>			<u>\$ 9,605</u>	

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

(concluded)

	Neighborhood Loan Program		
	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Regulation and compliance	-	-	-
Public charges for service	-	-	-
Donations	-	-	-
Investment income	-	-	-
Commercial	-	-	-
Total Revenues	-	-	-
EXPENDITURES			
Current			
Public safety	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Conservation and development	119,658	3,152	116,506
Total Expenditures	119,658	3,152	116,506
Excess (deficiency) of revenues over expenditures	(119,658)	(3,152)	116,506
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net change in fund balance	\$ (119,658)	(3,152)	\$ 116,506
FUND BALANCES (DEFICIT) - Beginning of Year		338,646	
FUND BALANCES (DEFICIT) - END OF YEAR		\$ 335,494	

VILLAGE OF SHOREWOOD

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,137,994	\$ 1,137,994	\$ -
Intergovernmental	-	25,481	25,481
Investment income	100	2,379	2,279
Total Revenues	<u>1,138,094</u>	<u>1,165,854</u>	<u>27,760</u>
EXPENDITURES			
Debt Service			
Principal retirement	1,339,676	1,099,121	240,555
Interest and fiscal charges	<u>712,676</u>	<u>830,717</u>	<u>(118,041)</u>
Total Expenditures	<u>2,052,352</u>	<u>1,929,838</u>	<u>122,514</u>
Excess (deficiency) of revenues over expenditures	<u>(914,258)</u>	<u>(763,984)</u>	<u>150,274</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	1,679,329	1,679,329
Payment on current refunding	-	(1,630,372)	(1,630,372)
Transfers in	<u>914,258</u>	<u>716,956</u>	<u>(197,302)</u>
Total Other Financing Sources (Uses)	<u>914,258</u>	<u>765,913</u>	<u>(148,345)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,929</u>	<u>\$ 1,929</u>
FUND BALANCES - Beginning of Year		<u>5,536</u>	
FUND BALANCES - END OF YEAR		<u>\$ 7,465</u>	

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUND - TID No. 1
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,338,277	\$ 1,196,375	\$ (141,902)
Intergovernmental	120,000	45,084	(74,916)
Investment income	1,000	34,267	33,267
Commercial	-	600	600
Total Revenues	1,459,277	1,276,326	(182,951)
EXPENDITURES			
Current			
Conservation and development	444,337	1,831,754	(1,387,417)
Capital Outlay	367,140	2,924,826	(2,557,686)
Debt Service			
Interest on advances	-	26,288	(26,288)
Interest and fiscal charges	35,000	106,544	(71,544)
Total Expenditures	846,477	4,889,412	(4,042,935)
Excess (deficiency) of revenues over expenditures	612,800	(3,613,086)	(4,225,886)
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	6,300,064	6,300,064
Transfers in	-	400,000	400,000
Transfers out	(613,500)	(689,491)	(75,991)
Total Other Financing Sources (Uses)	(613,500)	6,010,573	6,624,073
Net change in fund balance	\$ (700)	2,397,487	\$ 2,398,187
FUND BALANCES - Beginning of Year		1,348,786	
FUND BALANCES - END OF YEAR		\$ 3,746,273	

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUND - GENERAL CAPITAL PROJECTS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2010

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 320,737	\$ 320,737	\$ -
Intergovernmental	321,000	370,295	49,295
Special assessments	-	59,798	59,798
Total Revenues	<u>641,737</u>	<u>750,830</u>	<u>109,093</u>
EXPENDITURES			
Capital Outlay	1,347,087	1,060,062	287,025
Debt Service			
Principal retirement	57,981	57,981	-
Interest and fiscal charges	39,169	40,141	(972)
Total Expenditures	<u>1,444,237</u>	<u>1,158,184</u>	<u>286,053</u>
Excess (deficiency) of revenues over expenditures	<u>(802,500)</u>	<u>(407,354)</u>	<u>395,146</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	-	7,876	7,876
Insurance recoveries	-	213,685	213,685
General obligation debt issued	535,000	-	(535,000)
Transfers in	165,000	165,908	908
Total Other Financing Sources (Uses)	<u>700,000</u>	<u>387,469</u>	<u>(312,531)</u>
Net change in fund balance	<u>\$ (102,500)</u>	<u>(19,885)</u>	<u>\$ 82,615</u>
FUND BALANCES - Beginning of Year		<u>799,385</u>	
FUND BALANCES - END OF YEAR		<u>\$ 779,500</u>	