

VILLAGE OF SHOREWOOD
Shorewood, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditors' Report

As of and For the Year Ended

December 31, 2011

Prepared by:

Finance Department

Stephanie M. Walker, CPA
Finance Director

VILLAGE OF SHOREWOOD

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INTRODUCTORY
SECTION



AT THE EDGE OF THE CITY AND
THE HEART OF EVERYTHING

April 27, 2012

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

The Comprehensive Annual Financial Report of the Village of Shorewood as of and for the year, ended December 31, 2011, 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, 2011, 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, 2011, 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 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 2011, 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 to 2020. 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 2011 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 2011 was the completion of two significant road and utility reconstruction projects: Capitol Drive and Downer Avenue. These two projects alone totaled over \$17 million. The Village also completed a \$1 million project at the Village's Atwater Park which is a beach along Lake Michigan. More details on these projects can be found within the Management's Discussion and Analysis.

During 2011 the Village continued to refine a Comprehensive Sanitary Sewer, Storm and Drainage Facility Plan to address the aging sewer infrastructure. This plan currently recommends approximately \$34 million of additional infrastructure projects needed to fix our

sanitary sewer and stormwater systems. During 2012, the Village will evaluate whether a Stormwater Utility should be created to aid with the funding of these projects.

The Village also created a new Tax Increment District during 2011, TID No. 4. This was created as an overlay district from two parcels located along Oakland Avenue that had been within the TID No. 1 boundaries. The Village chose to create a new TID in order to take advantage of the long debt repayment life that would exist for a new TID compared to the remaining life of TID No. 1. The Village has signed an agreement with a developer related to these parcels. The agreement calls for the development of 84 apartments with retail space on the ground floor, underground parking accompanied by a parking structure. The Village will facilitate this development through a grant of \$4,040,000 and a loan of \$3,535,000. The debt service on the grant will be funded by tax incremental revenues and the debt service on the loan will be financed by rents from the project. The Village completed the borrowing for this project in 2012, totally \$8,295,000. The total project is estimated to cost approximately \$34.8 million and add that same amount in tax base to the Village's TID No. 4. This development broke ground during 2012 and is scheduled to be completed in 2013.

As part of another development agreement, the Village sold land to a developer at a reduced rate in order to aid in the development. The developer is building a mixed use apartment building on the north end of Oakland Avenue across the street from the Cornerstone project which was completed in 2010 / 2011. This development is for 22 apartment units, 7,500 square feet of retail and 40 underground parking spaces, has an estimated improvement value of \$6,900,000 and is scheduled to be completed by the end of 2012.

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

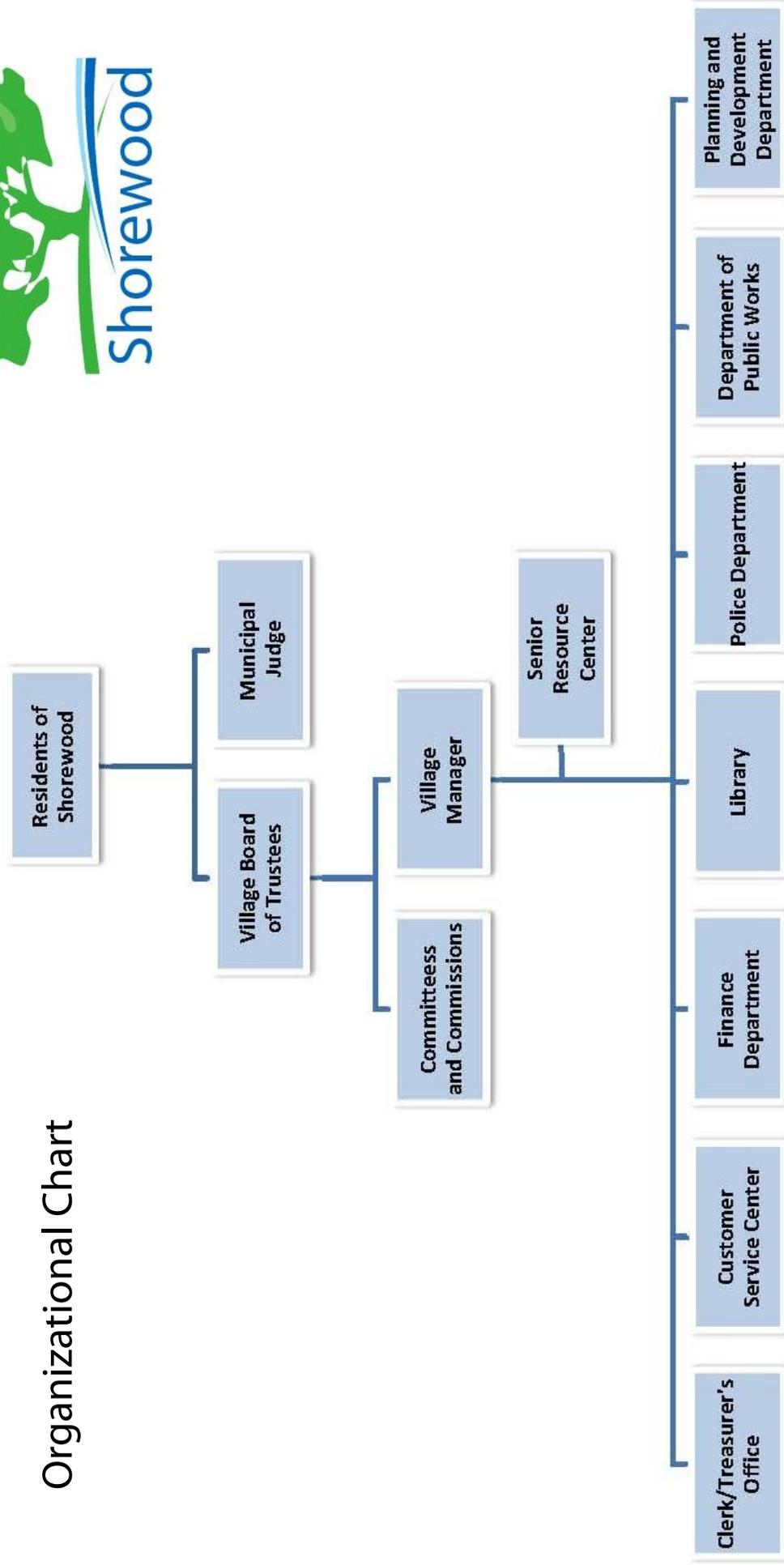


Stephanie M. Walker, CPA
Finance Director

Village of Shorewood, Wisconsin



Organizational Chart



VILLAGE OF SHOREWOOD

Directory of Village Officials

Members of the Village Board

Guy Johnson	Village President
Ellen Eckman	Village Trustee
Don Ford	Village Trustee
Jeff Hanewall	Village Trustee
Patrick Linnane	Village Trustee
Michael Maher	Village Trustee
Thad Nation	Village Trustee

Administrators

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

FINANCIAL
SECTION

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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, 2011, 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 previously 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, 2011, 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.

As described in Note I, the Village adopted Governmental Accounting Standards (GASB Statement) No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective January 1, 2011

As described in Note I, the Village adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011. As discussed in Note V.G. to the financial statements, the 2011 financial statements have been restated due to the implementation of GASB Statement No. 54.

To the Village Board
Village of Shorewood

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

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 fund financial statements and budgetary comparison 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

David Kelly Vericrew Kause, LLP

Milwaukee, Wisconsin
April 27, 2012



AT THE EDGE OF THE CITY AND
THE HEART OF EVERYTHING

MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and For the Year Ended December 31, 2011
(Unaudited)

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

FINANCIAL HIGHLIGHTS

The more significant transactions that impacted the Village's financial picture during 2011 were:

- Village-wide capital assets, net of accumulated depreciation, increased by \$5.3 million. This increase is due to primarily to the completion of the Capitol Drive project and substantial completion of the Downer Avenue infrastructure project.
- The Village issued \$8.6 million in new debt during 2011. Approximately \$2.6 was used to refinance existing debt to achieve interest rate savings. The other \$6.0 million was issued to finance the Downer Avenue project, Atwater park bluff restoration, and various sewer utility projects. Approximately \$1.6 million of this issue was unspent at year end. The Village made its scheduled debt repayments of \$1.3 million.
- The changes in these two components combined to cause an increase in the equity category of invested in capital assets, net of related debt of approximately \$3.6 million. Restricted net assets remained relatively similar between the two years.
- The Village's unrestricted net assets decreased by \$3.4 million in 2011. This decrease is due to some project costs that are not capital assets for the Village, such as payments towards the School District field athletic fields, sidewalk and driveway maintenance, bluff restoration, and fire department and joint dispatch equipment. These one-time projects totaled approximately \$1.29 million. As part of a development agreement, the Village also sold land that had been recorded at \$1.2 million for \$230,000. This agreement will result in a \$7.7 million development which is scheduled to be completed in 2012. The Village also provided approximately \$490,000 in funding for facades (North Shore Bank building and new façade funds for the Business Improvement District) and incurred planning costs for the establishment of a new tax incremental financing district (\$208,000). As part of a developer's agreement in the new district, the Village will gain a new \$34.8 million development that will begin construction in 2012.
- The Village's General Fund added a small amount to fund balance in 2011 and exceeded the Village's original budgetary expectations by approximately \$97,000. Unassigned fund balance of the General Fund remained at a healthy 36.6% of revenues.

Net assets, as referred to above, result when revenues exceed expenses. 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.

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 (pages 26 -28).

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

STATEMENT OF NET ASSETS

The following table summarizes the Village's Statements of Net Assets from 2011 and 2010.

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Other assets	\$ 22,661,280	\$ 24,149,071	\$ 755,521	\$ (303,326)	\$ 23,416,801	\$ 23,845,745
Capital assets	23,877,573	22,380,426	11,559,798	7,734,353	35,437,371	30,114,779
Total assets	46,538,853	46,529,497	12,315,319	7,431,027	58,854,172	53,960,524
Long-term debt	25,850,638	23,237,392	4,417,430	2,473,527	30,268,068	25,710,919
Other liabilities	13,898,989	13,999,348	494,381	155,367	14,393,370	14,154,715
Total liabilities	39,749,627	37,236,740	4,911,811	2,628,894	44,661,438	39,865,634
Invested in capital assets net of related debt	13,053,906	11,803,216	7,843,415	5,488,785	20,897,321	17,292,001
Restricted	2,395,134	2,545,756	-	-	2,395,134	2,545,756
Unrestricted (deficit)	(8,659,814)	(5,056,215)	(439,907)	(686,652)	(9,099,721)	(5,742,867)
Total net assets	<u>\$ 6,789,226</u>	<u>\$ 9,292,757</u>	<u>\$ 7,403,508</u>	<u>\$ 4,802,133</u>	<u>\$ 14,192,734</u>	<u>\$ 14,094,890</u>

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

Governmental Activities – Statement of Net Assets

Other assets for governmental activities primarily represent cash, investments, taxes receivable, prepaid items, internal balances, loans receivable and land held for resale (in 2010). Total other assets decreased approximately \$1.5 million. During 2011, the Village sold land that had been held for resale with a previous value of \$1,217,584.

Other liabilities category includes accounts payable, accrued payroll and unearned revenue (related to taxes receivable, grants and accrued interest). There was no significant change to those balances.

Invested in capital assets, net of related debt represents the Village's equity in its capital assets which was 54.7% of the historical cost of assets. This can be thought of as the Village's ownership in those capital assets and this percentage remained the same from prior year.

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 tax increment district, 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 unmatured long term debt, 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 other assets consist mainly of cash, accounts receivable and internal balances. Other assets increased in 2011 by \$1 million. This increase was due to cash received during the 2011 bond issue which reimbursed previously spent funds of approximately \$400,000. Additionally the Village's Sewer Utility completed a two phase rate increase 2011. Rates were increased during the third quarter of both years and resulted in additional cash from customers of approximately \$423,000. The remainder of the increase is due to higher customer receivables related to the rate increases.

Other liabilities are similar to those found within the governmental activities and include accounts payable and accrued payroll liabilities. Other liabilities increased by \$339,014 due to an increase in accounts payable. The Sewer Utility's quarterly treatment bill was received later in the year and was not paid until 2012 (\$167,000). Additional increases in accounts payable are due to the large number of construction projects in progress as of year-end.

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 68% of the capital assets free of debt. The remaining 32% still have debt associated with them. This percentage was relatively similar to the 2010 percentage of 71%.

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 2011 and 2010. Explanations for significant increases and decreases from the prior year are given following the table.

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 1,271,890	\$ 1,208,104	\$ 2,900,918	\$ 2,377,259	\$ 4,172,808	\$ 3,585,363
Operating grants & contributions	1,089,423	996,816	-	-	1,089,423	996,816
Capital grants & contributions	1,035,176	518,409	1,580,988	11,886	2,616,164	530,295
General revenues						
Property taxes	11,526,622	11,074,984	-	-	11,526,622	11,074,984
Other revenues	1,122,381	1,164,377	170,498	8,954	1,292,879	1,173,331
Total revenues	<u>16,045,492</u>	<u>14,962,690</u>	<u>4,652,404</u>	<u>2,398,099</u>	<u>20,697,896</u>	<u>17,360,789</u>
Expenses:						
General government	1,176,140	1,207,164	-	-	1,176,140	1,207,164
Public safety	6,855,057	6,090,227	-	-	6,855,057	6,090,227
Health and social services	363,298	367,852	-	-	363,298	367,852
Public works	4,146,710	5,489,734	-	-	4,146,710	5,489,734
Culture & recreation	1,712,091	1,346,194	-	-	1,712,091	1,346,194
Conservation & development	2,285,189	2,528,039	-	-	2,285,189	2,528,039
Interest on long-term debt	884,021	848,052	-	-	884,021	848,052
Water	-	-	1,287,836	1,179,876	1,287,836	1,179,876
Sewer	-	-	1,675,352	1,309,817	1,675,352	1,309,817
Parking	-	-	214,358	171,855	214,358	171,855
Total expenses	<u>17,422,506</u>	<u>17,877,262</u>	<u>3,177,546</u>	<u>2,661,548</u>	<u>20,600,052</u>	<u>20,538,810</u>
Change in Net Assets						
before transfers	(1,377,014)	(2,914,572)	1,474,858	(263,449)	97,844	(3,178,021)
Transfers	(1,126,517)	(11,298)	1,126,517	11,298	-	-
Total Change in Net Assets	<u>(2,503,531)</u>	<u>(2,925,870)</u>	<u>2,601,375</u>	<u>(252,151)</u>	<u>97,844</u>	<u>(3,178,021)</u>
Net assets Jan 1	<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>
Net assets Dec 31	<u>\$ 6,789,226</u>	<u>\$ 9,292,757</u>	<u>\$ 7,403,508</u>	<u>\$ 4,802,133</u>	<u>\$ 14,192,734</u>	<u>\$ 14,094,890</u>

Significant Changes in Governmental Activities

Governmental activities decreased the Village of Shorewood's net assets by \$2,503,531. A portion of this decrease is due to expenses exceeding revenues by \$1.9 million and a portion is due to transfers to business-type activities. The transfer was primarily related to storm sewer assets constructed by governmental activities.

Governmental Activities – Revenues

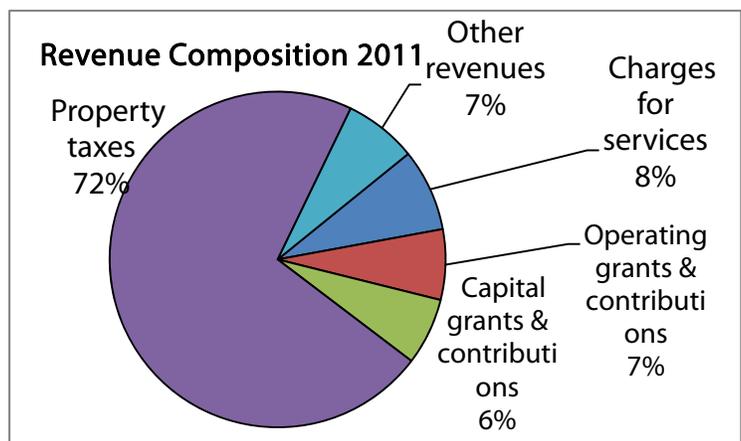
Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. Charges for services are primarily made up of licenses, permits, fees for service and fines. The Village's main operating grants are State resources received for highway maintenance and recycling programs. Capital grants fluctuate annually and are received to assist the Village with capital asset purchases. The table below compares governmental activities' revenues for 2011 and 2010 and significant changes are discussed below.

Revenues	Governmental activities			
	2011	2010	Chg	% chg
Program revenues				
Charges for services	\$ 1,271,890	\$ 1,208,106	\$ 63,784	5.3%
Operating grants & contributions	1,089,423	996,816	92,607	9.3%
Capital grants & contributions	1,035,176	518,409	516,767	99.7%
General revenues			-	
Property taxes	11,526,622	11,074,984	451,638	4.1%
Other revenues	1,122,381	1,164,377	(41,996)	-3.6%
Total revenues	\$ 16,045,492	\$ 14,962,692	\$ 1,082,800	7.2%

Capital grants tend to fluctuate annually rather than being recurring in nature. In 2010 the Village received \$110,000 towards a new art sculpture/statue which was not repeated in 2011. This decrease was offset by an increase of \$400,000 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. In 2011 the Village also recognized \$176,500 in capital grant revenue, which represented a grant from the Federal Emergency Management Agency (FEMA) towards Atwater bluff restoration. In 2011, the Village also recognized \$52,777 in special assessment revenue towards the bi-annual sidewalk replacement program which was not in 2010.

Property tax revenue increased from 2010. The Village's TID tax levy increased by \$164,885, this levy is based on the tax levy of all overlying taxing units. The taxes for that fund are determined based on increases in reported value within the TID combined with any property tax increased by all taxing units. The General Fund tax levy increased by \$194,609 or 2.5% for operations. The 2011 levy also increase by \$85,681 for capital project needs.

As identified above and on the chart to the right, property taxes are the largest revenue sources for governmental activities. Property taxes account for approximately 70% of total governmental activities revenues in 2011. Aside from the increase in capital contributions in 2011, the overall composition of revenues did not change significantly.



Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes costs such as Village management, customer service, finance, elections, village attorney and municipal court. Costs associated with the Village's police department, building inspection, and contributions for fire and dispatch services are shown within the public safety function. The public works function includes expenses for street and sidewalk maintenance, winter and forestry operations, refuse, recycling and yard waste, as well as building maintenance. Health and social services include expenses incurred for providing health programs to the general public such as restaurant licensing, immunizations and health clinics. 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 2011 and 2010 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			
	2011	2010	Chg	% chg
General government	\$ 1,176,140	\$ 1,207,164	\$ (31,024)	-2.57%
Public safety	6,855,057	6,508,632	346,425	5.32%
Health and social services	363,298	367,852	(4,554)	-1.24%
Public works	4,146,710	5,489,734	(1,343,024)	-24.46%
Culture & recreation	1,712,091	1,346,194	365,897	27.18%
Conservation & development	2,285,189	2,109,634	175,555	8.32%
Interest on long-term debt	884,021	848,052	35,969	4.24%
Total expenses	<u>\$ 17,422,506</u>	<u>\$ 17,877,262</u>	<u>\$ (454,756)</u>	<u>-2.54%</u>

Public safety expenses increased due mainly to payments of \$179,191 and \$70,780 towards capital purchases for a new combined dispatch center and fire ladder truck. Neither of these assets belong to the Village, however the payments were required as part of the Village's joint ventures for dispatch and fire services.

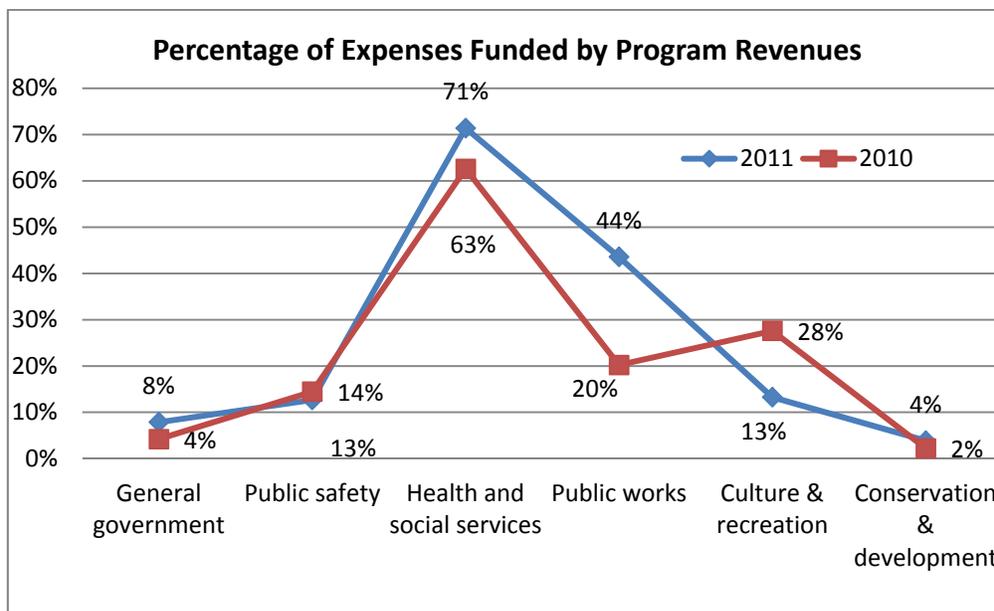
The public works function of expenses decreased due to mainly to fewer non-capitalizable expenses related to the Capitol Drive road project in 2011 compared to 2010. The main east-west thorough-fare within the Village is a State Highway, called Capitol Drive. During 2010 the State began a complete reconstruction 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 the public works function. In 2010 there was approximately \$2.1 million of non-capitalized expenses related to this project. In 2011 only \$555,000 was incurred related to this project. This difference was offset by 2011 costs related to the restoration of the Atwater Park bluff, of which \$452,000 were not capitalizable.

Culture and recreation expenses increased as the Village made payments to the school district of \$225,000 and \$116,250 for athletic fields which are not Village assets.

Conservation and development increased in 2011 as the Village began a new tax incremental financing district for a mixed use development along Oakland Avenue and incurred costs in for the planning phases of this new development.

As mentioned within the revenues section, program revenues are revenues intended to pay for a certain activity or function. The graph on the next page 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			
	2011	2010	Chg	% Chg
Program revenues:				
Water	\$ 1,198,957	\$ 1,124,224	\$ 74,733	6.6%
Sewer	1,488,517	1,044,119	444,398	42.6%
Parking	213,444	208,916	4,528	2.2%
Charges for services	2,900,918	2,377,259	523,659	22.0%
Other revenues	1,751,486	20,840	1,730,646	8304.4%
Total revenues	<u>\$ 4,652,404</u>	<u>\$ 2,398,099</u>	<u>\$ 2,254,305</u>	<u>94.0%</u>

Charges for services within the Sewer Utility increased from 2010 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 of 2010 and by 26% in the third quarter of 2011. 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 Utility experienced increases in treatment expenses from the Milwaukee Metropolitan Sewerage District and also needed to increase rates due to additional capital investments made during the last several years. A 3% rate increase was approved for the Water Utility in 2011. Consumption for both water and sewer billings remained stable from 2010.

Other revenues largely represent investment income and capital contribution for 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 2010 to 2011.

Expenses	Business-type activities			
	2011	2010	Chg	% Chg
Water	\$ 1,287,836	\$ 1,179,876	\$ 107,960	9.2%
Sewer	1,675,352	1,309,817	365,535	27.9%
Parking	214,358	171,855	42,503	24.7%
Total expenses	<u>\$ 3,177,546</u>	<u>\$ 2,661,548</u>	<u>\$ 515,998</u>	<u>19.4%</u>

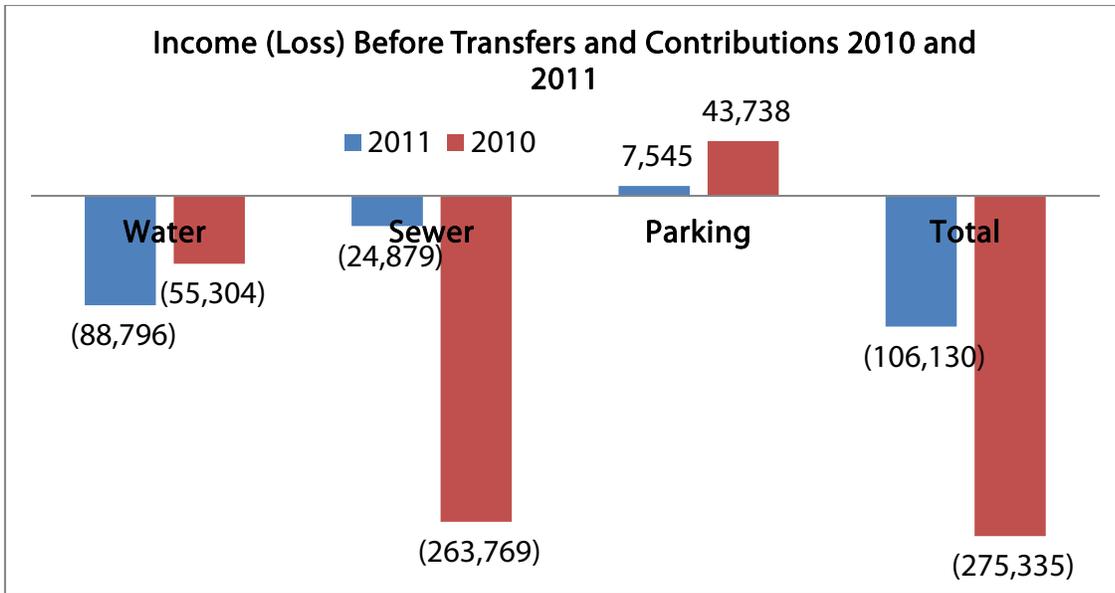
Water expenses include all costs necessary to provide water to homes and businesses within the Village. Water is purchased from the City of Milwaukee’s Water Utility, Milwaukee Water Works, so internal expenses relate chiefly to maintenance of infrastructure. The Water Utility received an 8% increase in treatment expenses from Milwaukee Water Works which was effective in March, 2011. Treatment expenses were approximately \$90,221 higher in 2011 than in 2010 due to this increase.

Sewer expenses increased substantially in 2011 as the Village began two large non-capital projects. The first is an initiative funded through the Great Lakes Restoration Initiative grant. These funds are being used to implement best management practices for stormwater runoff. The program also includes a significant education and community outreach program to help people become more informed about our water resources and how to maintain them. After the severe flooding that the Village received in July, 2010, the Village began developing long range facility plan for sanitary and stormwater improvement. While direct engineering planning efforts have been capitalized, the costs of the initial studies have not.

Business-type activities increased the Village of Shorewood’s net assets by \$2,601,375 in 2011 compared to a decreased of \$252,151 in 2010. As much of the addition to net assets in 2011 is related to capital contributions from the Capitol Drive, and Atwater Bluff project, comparing total change in net assets between years would not provide useful information.

The Sewer Utility significantly improved financial results in 2011 due to the implementation of significant rate increases in 2010 and 2011. The Water Utility’s results declined from 2010. The Village is in the process of completing a rate increase for water service.

The graph below shows Income and (Loss) before transfers and contributions by Utility for each year.



FUND FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. The basic governmental fund financial statements can be found on pages 29 – 30 of this report.

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

The Village of Shorewood maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, 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 eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The focus of the Village of Shorewood’s governmental funds is to provide information on near-term

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

GOVERNMENTAL FUNDS – FUND BALANCE

As of December 31, 2011, the Village's governmental funds reported combined ending fund balance of \$8,464,887 a decrease of \$1,797,412 from the previous year. Thirty eight (38%) percent of the Village's total fund balance is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending as it has already been committed for prepaid items, non-current receivables or other purposes.

The General Fund is the chief operating fund of the Village. At year end, total fund balance in the General Fund was \$5,504,878 of which \$3,745,364 was unassigned. The General Fund unassigned fund balance represents 36% of total General Fund revenues. This was an increase of \$98,324 from a total unassigned fund balance of \$3,586,290 or 36% in 2010. Unassigned fund balance can be thought of as the residual fund balance category within the General Fund. This category of fund balance increased as the General Fund had less fund balance categorized as nonspendable as the balance of long term receivables outstanding was lower in 2011. The General Fund's overall fund balance increased in 2011 by \$5,107.

TID No. 1's fund balance decreased in 2011, by \$1,611,960 as the Capitol Drive project was completed using funds borrowed in 2010. The General Capital Projects Fund added \$251,407 to fund balance as the Village borrowed for some projects which were not all completed in 2011. Non-major governmental funds decreased fund balance by \$452,773. This decrease relates to the costs within TID No. 3 and 4 which are expected to be repaid in future years with tax increment revenue.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village of Shorewood adopts an annual budget for its General Fund. A budgetary comparison schedule can be found on pages 85 through 88 of this report. There was one budget amendment completed during the year. The amendment increased contingency expenditures (within the General Government function) by \$512,525 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 transfer \$92,250 of fund balance to the capital projects fund for one time purchases. In 2011, the General Fund added to fund balance by \$5,107 which was better than anticipated by \$97,357. Significant changes between budget and actual results are addressed below:

Revenues and Other Financing Sources

- Intergovernmental revenues exceeded budget by \$26,300 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. The Village also received \$13,000 in FEMA aids for additional snow and winter maintenance incurred during a federally declared disaster snowstorm which was unbudgeted. These were offset by a decrease in recycling grant funding of \$29,200 as the State cut funding to this program mid-year.

- License and permit revenues were under budget (\$55,500). This was due to lower collections in parking violations and court penalties and costs.
- Public charges for services were slightly better than budget by \$42,800 due to an increase in recycling rebate charges as the price of metals has increased since 2010.
- Interest on investments was \$51,500 under budgeted revenue. During the budget process it was anticipated that interest rates would stabilize and increase slightly from 2010 levels during 2011. Instead the rates continued to drop during 2011. The December 2010 Local Government Investment Pool rate was at 0.22%, whereas by June, 2011 this rate had dropped in half to 0.11%. The 2011 budget had been decreased by \$50,000 from the 2010 budget amount.
- Overall actual revenues and transfers in were slightly under budget by approximately \$8,300.

Expenditures and Other Financing Uses

- General government function came in under the final budget by \$550,900 due mainly to the budget amendment. The original budget and actual results were similar.
- The Police department returned approximately \$91,700 due mainly to short-term position vacancies.
- Public works was under budget by \$42,500 in part due to benefit savings as the public works union employees and all unrepresented employees began paying one half of their retirement contributions beginning in July. Total employee paid contributions toward this benefit was \$67,630 which was not budgeted. Some of this savings is included within each department of the Village.
- Parks and beautification was under budget by \$55,250 as fewer salaries were charged to this function in 2011 than budgeted. This is because all summer help is budgeted in parks, but in practice some of this time is charged to other funds or functions.
- Transfers out exceeded budget by \$101,600 due to an additional transfer to the Capital Projects Fund to pay for the second half of the School District's D2D pledge which was not budgeted in 2011.
- Overall expenditures and transfers out came in \$106,000 better than the original budget and \$631,000 under the final budget for the aforementioned reasons.

PROPRIETARY FUNDS

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

The proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each utility. All three Utilities are considered to be major funds. The basic proprietary fund financial statements can be found on pages 32 - 35 of this report.

The net assets of the Water, Sewer and Parking Utilities at the end of the year were \$1,274,372, \$5,315,278 and \$813,858, 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 (\$400,670), deficit (\$593,117) and \$553,880. As mentioned previously the Sewer Utility rates were increased in 2010 and in 2011 to begin recovering this deficit. The Water Utility has requested a rate increase and review from the Public Service Commission of Wisconsin (PSC). Preliminary rates provided by the PSC include a 25% increase scheduled to go into effect for the second quarter of 2012. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

FIDUCIARY FUNDS

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

The fiduciary fund financial statement can be found on page 36 of this report.

COMPONENT UNITS

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

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

The Village has included comparative data for the year 2010 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.

The BID had an increase in net assets of \$126,000 over the previous year. The BID, as administrator of the façade program for the Village of Shorewood's Tax Incremental Financing District No. 1, 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 2011 \$310,000 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 2011 (2010 Tax Levy Year), special assessments totaled \$104,005. The BID uses the accrual basis of accounting, and statements are audited by an independent certified public accounting firm on an annual basis.

Statement of Net Assets	BID		Statement of Activities	BID	
	2011	2010		2011	2010
Cash and investments	\$ 40,497	\$ 82,578	Revenues		
Other assets	<u>170,202</u>	<u>525</u>	Program revenues		
Total assets	<u>210,699</u>	<u>83,103</u>	Charges for services	\$ 21,013	\$ 49,310
Accounts payable	<u>4,124</u>	<u>2,649</u>	Operating Grants	335,000	175,000
Restricted net assets - façade	168,552	60,351	General revenues		
Unrestricted net assets	<u>38,023</u>	<u>20,103</u>	Property taxes	104,005	107,056
Total net assets	<u>\$ 206,575</u>	<u>\$ 80,454</u>	Other general revenues	<u>1,426</u>	<u>1,222</u>
			Total revenues	<u>461,444</u>	<u>332,588</u>
			Expenses	<u>335,323</u>	<u>279,919</u>
			Change in Net Assets	126,121	52,669
			Net assets beginning	<u>80,454</u>	<u>27,785</u>
			Net assets ending	<u>\$ 206,575</u>	<u>\$ 80,454</u>

Combined financial information is presented as a discrete column in the statement of net assets and statement of activities on pages 26 - 28 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 pages 75 - 76 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 - 84 of this report. The information provided below on capital assets and long-term debt can also be found within the footnotes to the financial statements.

CAPITAL ASSETS

The Village's capital asset activity for 2011 and 2010 is summarized below.

Description	Governmental Activities		Business-type Activities	
	2011	2010	2011	2010
Land and right of way	\$ 4,457,690	\$ 4,369,109	\$ 233,345	\$ 233,345
Artwork	330,000	330,000	-	-
Construction in progress (CIP)	65,637	1,295,195	510,132	410,861
Machinery and equipment	3,724,856	3,591,196	888,018	857,662
Building improvements	497,027	382,314	-	-
Buildings	7,875,964	7,916,159	-	-
Infrastructure	<u>25,062,166</u>	<u>22,736,126</u>	<u>13,625,253</u>	<u>9,790,068</u>
Total Capital Assets	<u>42,013,340</u>	<u>40,620,099</u>	<u>15,256,748</u>	<u>11,291,936</u>
Less accumulated depreciation	<u>(18,676,034)</u>	<u>(18,239,673)</u>	<u>(3,696,950)</u>	<u>(3,557,583)</u>
Capital assets, net of depreciation	<u>\$23,337,306</u>	<u>\$22,380,426</u>	<u>\$11,559,798</u>	<u>\$7,734,353</u>

Significant projects undertaken during 2011 include the following:

- In 2011 the Village demolished a building on a piece of property it had acquired several years ago. The property is adjacent to the Public Works yard and after being cleared can be used for additional space by the Public Works department. The cost of the original building and demolition has been added to the land value in 2011.
- Capitol Drive reconstruction – this was a State of Wisconsin Department of Transportation full road reconstruction project which stretched the full length of the Village. The total cost for this project was approximately \$14.6 million, of which the Village was responsible for \$4.3 million. The project included water, stormsewer, pedestrian bridge reconstruction, traffic signals and lights, as well as sidewalk, road, curb and gutter. As Capitol Drive is a State highway (Highway 190), the majority of these costs are related to assets not owned by the Village. Only the utility assets (water, storm and sewer), traffic signals and street lights are owned and maintained by the Village. The financial activity related to this project included in the table above is as follows:
 - \$645,500 in construction in progress additions along with \$1,865,400 in construction in progress deletions;
 - \$1,865,400 of and infrastructure additions (traffic signals and lights), along with \$379,700 in infrastructure deletions;
 - \$143,400 in additions and \$548,200 in deletions of business-type activity construction in progress; and
 - \$1,957,000 in business-type activity additions for water, sewer and storm sewer infrastructure
- Downer Avenue reconstruction – this project is part of the Village’s bi-annual large road reconstruction project and encompassed full road reconstruction, including utility replacement. The total project costs were approximately \$2.8 million and were included in the table above as follows:
 - \$1,193,500 in construction in progress additions and \$1,264,400 in construction in progress deletions;
 - \$1,264,400 in road infrastructure additions along with \$444,000 of road retirements;
 - \$1,254,000 in business-type activity additions for water, sewer and storm sewer infrastructure.
- Atwater Park Bluff –the Village experienced significant flooding primarily from a rainstorm on July 22, 2010, during which the Village received approximately 7” of rainfall within several hours. This resulted in damage to a bluff along Lake Michigan at a Village park and beach, called Atwater Park. During 2011 the Village restored the bluff which had become unstable from the storm, improved the stormwater system along the bluff and beach and added a service drive and boardwalk along the beach. The total project costs were approximately \$1,034,000. This project resulted in additions of \$540,000 in governmental activities infrastructure and \$98,000 in business-type activities storm sewer asset additions. The remainder of the project was non-capitalizable.
- During the July 2, 2010 flooding, many homes experienced basement flooding. In response to this event, the Village conducting a Comprehensive Sanitary Sewer, Stormwater and Drainage plan. The goal of this plan is to provide a roadmap for improving the Village’s infrastructure to provide better protection to home and business owners during rain events. This plan was completed and during 2011 the Village began some of the engineering work in order to begin implementing this plan in 2012. This engineering work has been capitalized as construction in progress within the business-type activities for approximately \$468,800.

Additional information on the Village’s capital assets can be found in Note IV D. on pages 63 - 64.

LONG-TERM DEBT

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village of Shorewood is \$70,965,180 which significantly exceeds the Village's current outstanding general obligation debt of \$28,700,546. This debt is entirely backed by the full faith and credit of the government. At year end the outstanding debt equaled 40.4% of the Village's state authorized debt limit.

Governmental activities long term debt increased by \$2.7 million and business-type activities debt increased \$1.9 million during 2011. The Village issued new debt for the Downer Avenue project, Sewer Utility projects and to refinance some existing debt. Total new debt issue was for \$6,390,000 and \$2,175,000 for governmental activities and business-type activities respectively. Governmental activities refunded \$2,465,000. No business-type activities debt was refunded. 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.

The Village provides retirees who meet certain criteria to remain on the Village's health insurance plan after employment. These benefits are called Other Post-Employment Benefits (OPEB). The Village conducted its second actuarial evaluation for 2011 and began allocating some of the costs of this future benefit to the business-type activities in 2011. Actuarial assumptions and further information on this liability can be found in Note V F. on pages 81 – 83. While significant changes in the Village's long term debt are discussed above, the table below summarizes the ending balances for 2011 and 2010.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
General Obligation debt	\$ 24,384,035	\$ 21,651,607	\$ 4,334,943	\$ 2,408,712	Additional information on the Village's long term debt can be found in Notes IV F. and G. on pages 69 – 73.
Pension	338,082	499,101	-	-	
OPEB	656,748	564,125	18,410	-	
Compensated absences	471,773	494,258	64,074	64,815	
Capital lease	-	28,301	-	-	
Total	<u>\$ 25,850,638</u>	<u>\$ 23,237,392</u>	<u>\$ 4,417,427</u>	<u>\$ 2,473,527</u>	

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 91 of this report.

Economic Factors and Next Year's Budgets and Rates

General Economic Conditions

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

however we have still experienced an increase in unemployment, and decreases in interest income and may see future additional decline in state aids.

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

Population	2007	2008	2009	2010	2011
City of Milwaukee	6.1%	7.8%	11.5%	9.7%	9.3%
Milwaukee County	5.0%	6.5%	9.7%	8.1%	7.8%
State of Wisconsin	4.3%	6.0%	8.8%	7.1%	6.6%
United States	4.8%	7.1%	9.7%	9.1%	8.3%

* All percentages were not seasonally adjusted December unemployment rates

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

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

Assessment Error

On August 15, when the State published the Village's equalized property values, the Village noted that there was a sizable error in the Village's 2011 Tax Incremental District No 1 (TID) equalized value. This error results in two things:

- the calculation of the 2012 TID property tax levy will be higher than it should have been; and
- the property value used by other taxing units (called the equalized value – TID out) to allocate their tax levy to the Village was lower than it should have been.

Had the Village not acted, the property tax rate would have increased by approximately 4% more than it should have, based on the property tax levies of each taxing unit. Because this property value (equalized value – TID out) is used by so many other jurisdictions the Village was not allowed to correct the mistake with the State of Wisconsin. The State's current method for handling this type of error is to make municipalities levy the additional tax then reduce the property value (equalized value – TID out) by two times the error in the following year. So the next year's property tax bill would have been significantly reduced.

To avoid this rollercoaster effect, the Village has decided to lower our property tax levy for the 2012 budget year by the amount needed to correct the total tax levy, or \$1,465,000. The Village will finance this with funds on hand. In 2013, the effect of the error will be reversed, and total tax bills would have been lowered by two times the error. The Village will levy an additional \$1,465,000 to repay itself and will restore our tax levy to our base level. The actions will eliminate the individual taxpayer from feeling any effect of this error.

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

2012 Budget

In 2011, the State of Wisconsin brought the Village many challenges and opportunities, including a decrease in State aid funding, cuts to recycling grants, tighter tax levy limitations, and mandated employee benefit reductions. While the State reduced 2012 aid payments to the Village by \$207,000, they changed the way that non-protected employee unions could bargain. One of the effects of the State's budget bill resulted in the Village's ability to make changes to our health insurance plan. Based on this ability to competitively shop for health insurance, the Village was able to negotiate a 5% decrease in overall health insurance costs for 2012. This results in approximately \$59,000 in estimated savings. The 2012 budget also incorporates other effects of the State's budget bill including:

- Contribution of one half of the Wisconsin Retirement System pension contribution, currently at 5.8%, by all employees except police protected. The 2012 budget includes savings of \$175,000 due to a shift from employer to employee contribution for pensions.
- Contribution of 12% towards the health insurance premium for all employees excluding police protected.

The 2012 proposed tax levy increase for non-debt is 0.57%, or \$57,758, over the 2011 levy. The debt service levy increase is 1.18%, or \$120,430, over the 2011 levy for a total proposed tax levy increase of 1.75%, or \$178,188. The proposed increase would increase the Village portion of a property tax bill for a \$300,000 home by \$36 from last year. The tax levy for the Marketing Fund, Shorewood Today magazine, Library and Elder Services is substantially the same from the previous year. (This excludes the effect of the adjustment for the valuation error discussed above.)

The Village's 2011 and 2012 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 2011 the Village received \$252,000 from this program.

The Water Utility budget includes an estimated 32% rate increase, which is approximately \$57/year. This increase is needed due to capital investments in replacement of large gate valves, new mains along Capitol Drive and Downer Avenue, in addition to rate increases received by our water supplier. The process of determining the exact amount of any increase is subject to design and review by the Public Service Commission of Wisconsin scheduled to begin in early 2012.

The Sewer Utility budget also includes an estimated 32% rate increase, which is approximately \$110/year. This increase is anticipated to be needed as the Village completed one borrowing in 2011 and to fund 2012 projects identified within the Comprehensive Sanitary Sewer, Stormwater and Drainage plan (CSSSD). The 2011 borrowing provided funding for the Downer Avenue project, and the beginning phases of engineering work related to the CSSSD plan projects. The actual rate increase required will be determined by subsequent Board action, and will depend on whether all of these projects are anticipated to be completed.

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

As of December 31, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 7,093,610	\$ 387,256	\$ 7,480,866	\$ 40,497
Investments	6,505,698	-	6,505,698	-
Taxes receivable	4,733,873	-	4,733,873	-
Delinquent personal property taxes receivable	12,143	-	12,143	-
Accounts receivable	210,362	998,302	1,208,664	1,650
Due from other governments	412,625	-	412,625	-
Inventories	-	36,759	36,759	-
Prepaid items	628,487	-	628,487	-
Restricted asset - cash and cash equivalents	1,069,407	505,870	1,575,277	168,552
Internal balances	1,225,178	(1,225,178)	-	-
Loans receivable	581,425	-	581,425	-
Other assets - unamortized bond issuance expenses	188,472	52,512	240,984	-
Capital Assets				
Land	4,457,690	233,345	4,691,035	-
Artwork	330,000	-	330,000	-
Construction in progress	65,637	510,132	575,769	-
Other capital assets, net of depreciation	19,024,246	10,816,321	29,840,567	-
Total Assets	46,538,853	12,315,319	58,854,172	210,699
LIABILITIES				
Accounts payable and accrued expenses	1,023,627	372,961	1,396,588	4,124
Liabilities payable from restricted assets	518,653	74,983	593,636	-
Unearned revenues	12,125,067	-	12,125,067	-
Accrued interest payable	231,642	46,437	278,079	-
Noncurrent Liabilities				
Due within one year	1,735,595	342,379	2,077,974	-
Due in more than one year	24,115,043	4,075,051	28,190,094	-
Total Liabilities	39,749,627	4,911,811	44,661,438	4,124
NET ASSETS				
Invested in capital assets, net of related debt	13,053,906	7,843,415	20,897,321	-
Restricted for				
Tax incremental district plan	2,134,213	-	2,134,213	-
Police grants	5,356	-	5,356	-
Library Auermiller donation	29,957	-	29,957	-
Library purposes	225,608	-	225,608	-
Facade improvements	-	-	-	168,552
Unrestricted (deficit)	(8,659,814)	(439,907)	(9,099,721)	38,023
TOTAL NET ASSETS	\$ 6,789,226	\$ 7,403,508	\$ 14,192,734	\$ 206,575

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,176,140	\$ 66,361	\$ -	\$ 26,123
Public safety	6,855,057	817,685	51,116	-
Health and social services	363,298	77,264	182,114	-
Public works	4,146,710	63,881	733,905	1,009,053
Culture and recreation	1,712,091	184,142	42,686	-
Conservation and development	2,285,189	62,557	25,642	-
Interest and fiscal charges	884,021	-	53,960	-
Total Governmental Activities	<u>17,422,506</u>	<u>1,271,890</u>	<u>1,089,423</u>	<u>1,035,176</u>
Business-Type Activities				
Water	1,287,836	1,198,957	-	7,183
Sewer	1,675,352	1,488,517	-	1,573,805
Parking	214,358	213,444	-	-
Total Business-Type Activities	<u>3,177,546</u>	<u>2,900,918</u>	<u>-</u>	<u>1,580,988</u>
Total Primary Government	<u>\$ 20,600,052</u>	<u>\$ 4,172,808</u>	<u>\$ 1,089,423</u>	<u>\$ 2,616,164</u>
Component Unit				
Business Improvement District	<u>335,323</u>	<u>21,013</u>	<u>335,000</u>	<u>-</u>
Total Component Unit	<u>\$ 335,323</u>	<u>\$ 21,013</u>	<u>\$ 335,000</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				

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Totals	
\$ (1,083,656)	\$ -	\$ (1,083,656)	\$ -
(5,986,256)	-	(5,986,256)	-
(103,920)	-	(103,920)	-
(2,339,871)	-	(2,339,871)	-
(1,485,263)	-	(1,485,263)	-
(2,196,990)	-	(2,196,990)	-
(830,061)	-	(830,061)	-
<u>(14,026,017)</u>	<u>-</u>	<u>(14,026,017)</u>	<u>-</u>
-	(81,696)	(81,696)	-
-	1,386,970	1,386,970	-
<u>-</u>	<u>(914)</u>	<u>(914)</u>	<u>-</u>
<u>-</u>	<u>1,304,360</u>	<u>1,304,360</u>	<u>-</u>
(14,026,017)	1,304,360	(12,721,657)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,690</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>20,690</u>
10,388,628	-	10,388,628	-
1,137,994	-	1,137,994	-
-	-	-	104,005
662,114	158,800	820,914	-
160,354	11,698	172,052	1,426
299,913	-	299,913	-
<u>(1,126,517)</u>	<u>1,126,517</u>	<u>-</u>	<u>-</u>
<u>11,522,486</u>	<u>1,297,015</u>	<u>12,819,501</u>	<u>105,431</u>
(2,503,531)	2,601,375	97,844	126,121
<u>9,292,757</u>	<u>4,802,133</u>	<u>14,094,890</u>	<u>80,454</u>
<u>\$ 6,789,226</u>	<u>\$ 7,403,508</u>	<u>\$ 14,192,734</u>	<u>\$ 206,575</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2011

	General	Debt Service Fund	Capital Projects TID No. 1	General Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and cash equivalents	\$ 1,240,455	\$ 785,305	\$ 3,492,855	\$ 713,198	\$ 861,797	\$ 7,093,610
Investments	6,505,698	-	-	-	-	6,505,698
Receivables						
Taxes	2,504,817	491,391	1,265,024	117,653	354,988	4,733,873
Delinquent personal property taxes (net of uncollectibles of \$34,179)	12,143	-	-	-	-	12,143
Accounts	143,274	-	19,160	43,601	-	206,035
Due from other governments	-	-	-	282,831	129,794	412,625
Prepaid items	603,423	-	100	23,667	1,297	628,487
Due from other funds	687,846	-	424,753	-	-	1,112,599
Restricted asset - cash and cash equivalents	-	-	80,000	989,407	-	1,069,407
Loans and long-term receivable	191,075	-	308,938	21,412	60,000	581,425
Advances to other funds	638,889	-	-	-	-	638,889
TOTAL ASSETS	\$ 12,527,620	\$ 1,276,696	\$ 5,590,830	\$ 2,191,769	\$ 1,407,876	\$ 22,994,791
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 320,934	\$ -	\$ 121,875	\$ 196,775	\$ 83,302	\$ 722,886
Due to other funds	-	-	-	-	526,310	526,310
Accrued liabilities	269,336	-	899	-	30,506	300,741
Liabilities payable from restricted assets	-	-	80,000	438,653	-	518,653
Deferred revenues	6,432,472	1,258,424	3,253,743	525,434	991,241	12,461,314
Total Liabilities	7,022,742	1,258,424	3,456,517	1,160,862	1,631,359	14,529,904
Fund Balances (Deficits)						
Non-spendable - prepaids	603,423	-	100	23,667	1,297	628,487
Non-spendable - long term receivables (net of current)	590,282	-	-	-	-	590,282
Restricted						
Debt service	-	18,272	-	-	-	18,272
Tax incremental district plan	-	-	2,134,213	-	-	2,134,213
Bond proceeds to be used for capitalizable capital projects	-	-	-	374,551	-	374,551
Bond proceeds to be used for other projects	-	-	-	176,203	-	176,203
Police grants	-	-	-	-	5,356	5,356
Library Auermiller donation	-	-	-	-	29,957	29,957
Library purposes	-	-	-	-	225,608	225,608
Committed	124,410	-	-	-	10,201	134,611
Assigned	441,399	-	-	456,486	-	897,885
Unassigned (deficit)	3,745,364	-	-	-	(495,902)	3,249,462
Total Fund Balances (Deficits)	5,504,878	18,272	2,134,313	1,030,907	(223,483)	8,464,887
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 12,527,620	\$ 1,276,696	\$ 5,590,830	\$ 2,191,769	\$ 1,407,876	

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	23,877,573
Accrued interest receivable on advances from other funds	4,327
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.	336,247
Debt issuance costs amortized over the life of the debt issue - reported as an other asset	188,472
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	(26,082,280)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 6,789,226

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	General	Debt Service	Capital Projects TID No. 1	General Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 7,715,999	\$ 1,137,994	\$ 1,361,260	\$ 406,418	\$ 904,951	\$ 11,526,622
Intergovernmental	1,031,726	53,960	45,335	407,060	281,506	1,819,587
Regulation and compliance	975,101	-	-	-	9,410	984,511
Public charges for services	196,293	-	-	52,777	89,755	338,825
Interdepartmental charges	123,006	-	-	-	-	123,006
Investment income	129,009	1,186	17,153	6,733	245	154,326
Commercial	66,480	-	4,605	-	102,372	173,457
Total Revenues	<u>10,237,614</u>	<u>1,193,140</u>	<u>1,428,353</u>	<u>872,988</u>	<u>1,388,239</u>	<u>15,120,334</u>
EXPENDITURES						
Current						
General government	1,017,937	-	-	-	-	1,017,937
Public safety	6,623,040	-	-	-	31,512	6,654,552
Health and social services	226,485	-	-	-	151,829	378,314
Public works	1,998,131	-	-	-	-	1,998,131
Culture and recreation	156,689	-	-	-	1,060,001	1,216,690
Conservation and development	141,300	-	1,735,373	-	404,699	2,281,372
Capital Outlay	-	-	634,659	4,666,805	-	5,301,464
Debt Service						
Principal retirement	28,301	1,187,620	-	67,645	-	1,283,566
Interest and fiscal charges	428	866,823	650	94,647	-	962,548
Total Expenditures	<u>10,192,311</u>	<u>2,054,443</u>	<u>2,370,682</u>	<u>4,829,097</u>	<u>1,648,041</u>	<u>21,094,574</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>45,303</u>	<u>(861,303)</u>	<u>(942,329)</u>	<u>(3,956,109)</u>	<u>(259,802)</u>	<u>(5,974,240)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of capital assets	-	-	-	3,142	-	3,142
Insurance recoveries	-	-	-	93,734	-	93,734
General obligation debt issued	-	2,495,000	-	3,895,000	-	6,390,000
Premium on bonds issued	-	74,200	-	39,480	-	113,680
Payment on to refunded bonds escrow agent	-	(2,521,049)	-	-	-	(2,521,049)
Transfers in	148,672	823,959	161,890	176,160	24,500	1,335,181
Transfers out	(188,868)	-	(831,521)	-	(217,471)	(1,237,860)
Total Other Financing Sources (Uses)	<u>(40,196)</u>	<u>872,110</u>	<u>(669,631)</u>	<u>4,207,516</u>	<u>(192,971)</u>	<u>4,176,828</u>
Net Change in Fund Balance	5,107	10,807	(1,611,960)	251,407	(452,773)	(1,797,412)
FUND BALANCES - Beginning of Year (Restated)	<u>5,499,771</u>	<u>7,465</u>	<u>3,746,273</u>	<u>779,500</u>	<u>229,290</u>	<u>10,262,299</u>
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 5,504,878	\$ 18,272	\$ 2,134,313	\$ 1,030,907	\$ (223,483)	\$ 8,464,887

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

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

For the Year Ended December 31, 2011

Net change in fund balances - total governmental funds	\$ (1,797,412)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net 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	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	5,301,464
State funded capital asset additions	598,767
Less: Some items reported as capital outlay were not capitalized	
Capital outlay related to Capitol Drive project non-capitalized costs	(295,447)
Capital outlay for sidewalk and driveway maintenance not capitalized	(296,617)
Capital outlay related to Bluff restoration not capitalized	(394,821)
Capital outlay transferred to business-type activities	(1,223,838)
Capital outlay for assets of other governments	(597,210)
Miscellaneous other non-capitalized capital outlay	(169,226)
Depreciation is reported in the government-wide statements	(1,343,811)
Net book value of assets retired	(82,114)
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 statements	
Deferred receivables	320,363
Accrued interest	6,028
The issuance of debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net assets. Repayments of debt is an expenditure in the governmental funds, but the reduces debt in the statement of net assets.	
Debt issued	(6,390,000)
General Obligation debt principal repaid	3,720,265
Capital lease principal repaid	28,301
Loss on advanced refunding	56,049
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Premium on bonds issued	(113,680)
Issuance costs capitalized	111,533
Amortization of debt issuance costs	(15,935)
Amortization of discounts/premium	(5,062)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	18,540
Net OPEB liability	(92,623)
Police and fire pension	161,019
Retiree insurance	3,945
Accrued interest on debt	<u>(12,009)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ (2,503,531)</u>

See accompanying notes to financial statements.

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VILLAGE OF SHOREWOOD

STATEMENT OF FUND NET ASSETS - PROPRIETARY FUNDS
As of December 31, 2011

	Business-Type Activities			Totals
	Enterprise Funds			
	Water Utility	Sewer Utility	Parking Utility	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 387,256	\$ 387,256
Accounts receivable	366,621	623,360	6,775	996,756
Interest receivable	-	867	679	1,546
Restricted asset - cash and cash equivalents	-	505,870	-	505,870
Current portion of advance	-	11,903	16,751	28,654
Inventories	36,759	-	-	36,759
Total Current Assets	<u>403,380</u>	<u>1,142,000</u>	<u>411,461</u>	<u>1,956,841</u>
Non-Current Assets				
Capital Assets				
Land	-	-	233,345	233,345
Construction in progress	6,080	497,052	7,000	510,132
Structures, improvements and equipment	4,098,024	9,953,594	461,653	14,513,271
Accumulated depreciation	(1,128,706)	(2,126,224)	(442,020)	(3,696,950)
Other Assets				
Unamortized debt issuance costs	17,850	34,662	-	52,512
Long-term portion of advances	-	12,439	266,965	279,404
Total Non-Current Assets	<u>2,993,248</u>	<u>8,371,523</u>	<u>526,943</u>	<u>11,891,714</u>
TOTAL ASSETS	<u>3,396,628</u>	<u>9,513,523</u>	<u>938,404</u>	<u>13,848,555</u>
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	\$ 92,850	\$ 202,698	\$ 46,013	\$ 341,561
Accrued liabilities	20,564	10,104	732	31,400
Accrued interest payable	16,521	26,946	2,970	46,437
Due to other funds	543,587	42,702	-	586,289
Liabilities payable from restricted assets - accounts payable	-	74,983	-	74,983
Current portion of debt	111,877	230,502	-	342,379
Current portion of advances	11,903	50,255	12,868	75,026
Total Current Liabilities	<u>797,302</u>	<u>638,190</u>	<u>62,583</u>	<u>1,498,075</u>
Long-Term Debt Net of Current Maturities				
General obligation debt	1,273,028	2,719,536	-	3,992,564
Advances from other funds	12,439	800,892	58,590	871,921
Other post employment benefits (OPEB)	9,205	9,205	-	18,410
Compensated absences	30,282	30,422	3,373	64,077
Total Long-Term Debt	<u>1,324,954</u>	<u>3,560,055</u>	<u>61,963</u>	<u>4,946,972</u>
Total Liabilities	<u>2,122,256</u>	<u>4,198,245</u>	<u>124,546</u>	<u>6,445,047</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,675,042	5,908,395	259,978	7,843,415
Unrestricted (deficit)	(400,670)	(593,117)	553,880	(439,907)
TOTAL NET ASSETS	<u>\$ 1,274,372</u>	<u>\$ 5,315,278</u>	<u>\$ 813,858</u>	<u>\$ 7,403,508</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND
 NET ASSETS - PROPRIETARY FUNDS
 For the Year Ended December 31, 2011

	Business-Type Activities			Totals
	Enterprise Funds			
	Water Utility	Sewer Utility	Parking Utility	
OPERATING REVENUES				
Charges for services	\$ 1,162,425	\$ 1,458,177	\$ 213,342	\$ 2,833,944
Miscellaneous	36,532	30,340	102	66,974
Total Operating Revenues	1,198,957	1,488,517	213,444	2,900,918
OPERATING EXPENSES				
Operation and maintenance	1,154,408	1,325,437	190,895	2,670,740
Depreciation	90,746	128,042	19,578	238,366
Total Operating Expenses	1,245,154	1,453,479	210,473	2,909,106
Operating Income (Loss)	(46,197)	35,038	2,971	(8,188)
NONOPERATING REVENUES (EXPENSES)				
Investment income	83	3,156	8,459	11,698
Intergovernmental revenue	-	158,800	-	158,800
Grant related expenses	-	(140,085)	-	(140,085)
Interest expense	(42,682)	(81,788)	(3,885)	(128,355)
Total Nonoperating Revenues (Expenses)	(42,599)	(59,917)	4,574	(97,942)
Income (Loss) Before Transfers and Contributions	(88,796)	(24,879)	7,545	(106,130)
TRANSFERS IN	239,685	996,861	-	1,236,546
TRANSFERS OUT	(71,234)	(4,798)	(33,997)	(110,029)
CONTRIBUTIONS	7,183	1,573,805	-	1,580,988
Change in Net Assets	86,838	2,540,989	(26,452)	2,601,375
TOTAL NET ASSETS - Beginning of Year	1,187,534	2,774,289	840,310	4,802,133
TOTAL NET ASSETS - END OF YEAR	\$ 1,274,372	\$ 5,315,278	\$ 813,858	\$ 7,403,508

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2011

	Business-Type Activities			
	Enterprise Funds			
	Water Utility	Sewer Utility	Parking Utility	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 1,158,099	\$ 1,361,769	\$ 207,967	\$ 2,727,835
Paid to suppliers for goods and services	(879,564)	(957,376)	(112,780)	(1,949,720)
Paid to employees for services	(213,913)	(186,631)	(62,814)	(463,358)
Net Cash Flows From Operating Activities	64,622	217,762	32,373	314,757
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to village for tax equivalent	(71,234)	(4,798)	(33,997)	(110,029)
Repayment of due from other funds	(550,891)	(130,784)	-	(681,675)
Received from other funds	543,587	42,702	-	586,289
Grant expenses paid	-	(140,085)	-	(140,085)
Payments received on advances	-	11,390	16,284	27,674
Payments made on advances	(60,514)	(48,853)	(12,225)	(121,592)
Interest received on advances	-	1,608	-	1,608
Interest paid on advances	(4,433)	(25,830)	(4,393)	(34,656)
Net Cash Flows From Non-Capital Financing Activities	(143,485)	(294,650)	(34,331)	(472,466)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	83	1,954	10,650	12,687
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(339,048)	(810,727)	(7,001)	(1,156,776)
Proceeds on long-term debt	560,000	1,615,000	-	2,175,000
Premium on long-term debt	3,017	17,746	-	20,763
Debt issuance costs	(9,774)	(28,189)	-	(37,963)
Payments of long-term debt	(101,124)	(167,110)	-	(268,234)
Interest paid on long-term debt	(34,291)	(45,916)	-	(80,207)
Net Cash Flows From Capital and Related Financing Activities	78,780	580,804	(7,001)	652,583
Net Change in Cash and Cash Equivalents	-	505,870	1,691	507,561
CASH AND CASH EQUIVALENTS - Beginning of Year	-	-	385,565	385,565
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ 505,870	\$ 387,256	\$ 893,126

See accompanying notes to the financial statements.

	Business-Type Activities			Totals
	Enterprise Funds			
	Water Utility	Sewer Utility	Parking Utility	
Ending Total Cash and Cash Equivalents are comprised of:				
Cash and cash equivalents	\$ -	\$ -	\$ 387,256	\$ 387,256
Restricted - cash and cash equivalents	-	505,870	-	505,870
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ -</u>	<u>\$ 505,870</u>	<u>\$ 387,256</u>	<u>\$ 893,126</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (46,197)	\$ 35,038	\$ 2,971	\$ (8,188)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided From Operating Activities				
Noncash items included in income				
Depreciation	90,746	128,042	19,578	238,366
Depreciation charged to other accounts	12,502	(12,502)	-	-
Accrued Other Post Employment Benefits	9,205	9,205	-	18,410
Changes in assets and liabilities				
Accounts receivable	(40,858)	(126,748)	(6,775)	(174,381)
Inventories	732	-	-	732
Prepayments	603	81	-	684
Deposits	-	-	1,298	1,298
Accounts payable and accrued liabilities	37,889	184,646	15,301	237,836
 Net Cash Flows From Operating Activities	 <u>\$ 64,622</u>	 <u>\$ 217,762</u>	 <u>\$ 32,373</u>	 <u>\$ 314,757</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
State/Federal Contributed Capital	\$ 7,183	\$ 1,573,805	\$ -	\$ 1,580,988
Capital Assets Contributed by Municipality	\$ 239,685	\$ 996,861	\$ -	\$ 1,236,546

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
As of December 31, 2011

	Tax Collection Agency Fund
ASSETS	
Cash and investments	\$ 17,909,584
Property taxes receivable	<u>11,467,907</u>
TOTAL ASSETS	<u>\$ 29,377,491</u>
LIABILITIES	
Accounts payable	\$ 45,223
Due to other taxing units	<u>29,332,268</u>
TOTAL LIABILITIES	<u>\$ 29,377,491</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

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VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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 2011.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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, 2011. 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

In February 2009, the GASB issued Statement No. 54 *Fund Balance reporting and Governmental Fund Type Definitions*. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Statement provides additional classification of fund balance as restricted, committed, assigned and unassigned based on the relative strength of those constraints. The Statement also establishes additional note disclosures regarding fund balance classification policies and procedures.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates into the GASB's authoritative literature the accounting and financial reporting guidance to include the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedures that were issued on or before November 30, 1989, (collectively referred to as FASB and AICPA Pronouncements) which did not conflict or contradict GASB pronouncements. The Statement also eliminates the need to elect to follow post-November 30, 1989 FASB and AICPA Pronouncements for enterprise funds and business-type activities as those pronouncements are now included as other accounting literature.

The Village implemented both Statements as of January 1, 2011.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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 and report all financial resources not accounted for and reported in another fund.

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

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

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The Village reports the following non-major governmental funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Village reports the following funds in this category:

- Library
- Police Special Funds
- Health Special Funds
- Shorewood Today
- Elder Services
- Marketing Shorewood

Capital Projects Funds - is used to account for and report financial resources restricted, committed or assigned to expenditures outlined in the TID project plan which are primarily capital related. The Village reports the following non-major TID capital project funds:

- Tax Incremental Financing District No. 3
- Tax Incremental Financing District No. 4

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. The Village reports its Tax Collection Fund as an Agency Fund.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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.

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 As of and for the year ended December 31, 2011

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 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 SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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, 2011, 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 SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables (continued)

Property tax calendar - 2011 tax roll:

Lien date and levy date	December 2011
Tax bills mailed	December 2011
Payment in full, or	January 31, 2012
First installment due	January 31, 2012
Second installment due	March 31, 2012
Third installment due	May 31, 2012
Personal property taxes in full	January 31, 2012
Tax sale - 2011 delinquent real estate taxes	October 2014

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

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 SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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. 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, 2011 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
Building Improvements	20 Years
Machinery and Equipment	5-20 Years
Utility System	14-108 Years
Infrastructure	20 - 50 Years

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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, 2011, 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 2011, the Village paid \$3,945 toward health insurance premiums or income taxes for three (3) retirees under this program. The remaining unused sick leave bank for these retirees is reported as a government-wide liability of \$39,862.

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 SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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 SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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 nonspendable, restricted, committed, assigned and unassigned.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

10. Equity Classifications (continued)

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

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

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

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

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

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

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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 February 15, 2011. A request for a rate increase of 25% was filed in 2012 and is currently under review by the PSCW. This increase is scheduled to go into effect for usage beginning May 15, 2012.

Sewer Utility

Current sewer rates were approved by the Village board and effective on May 15, 2011.

Parking Utility

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

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	\$ 3,576,276
Right of way	881,414
Artwork	330,000
Construction in progress	65,637
Machinery and equipment	3,724,855
Buildings	497,027
Building improvements	7,875,964
Infrastructure	25,602,433
Less: Accumulated depreciation	(18,676,033)
Combined Adjustment for Capital Assets	<u>\$ 23,877,573</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS (continued)

*EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL
FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS (continued)*

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	\$ 24,385,068
Deferral on advanced refunding / (discounts) and premiums	(1,033)
Pension	338,082
OPEB	656,748
Compensated absences	431,911
Retiree sick bank	39,862
Accrued interest	<u>231,642</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 26,082,280</u>

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, TID No. 1 and 3, and the following Special Revenue Funds: Library, Police Special Funds, Health Special Funds, Shorewood Today Fund, Elder Services, and the Marketing Shorewood.

Budgets have not been formally adopted for TID No. 4. 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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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

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			
Village Board	\$ 27,498	\$ 28,159	\$ 661
Clerk	230,198	231,287	1,089
Assessment of property	50,188	52,085	1,897
Legal counseling	116,622	118,281	1,659
Fire department	2,021,250	2,050,510	29,260
Other public safety	616,696	630,941	14,245
Public works administration	213,694	224,075	10,381
Municipal garage	276,351	295,951	19,600
Combined collections	139,244	145,042	5,798
Recycling	163,995	168,563	4,568
Street lighting	117,145	129,868	12,723
Street and alley	60,004	64,293	4,289
Street sweeping	7,607	12,232	4,625
Celebrations	25,130	42,452	17,322
Neighborhood loan program	-	2,598	2,598
Forestry	106,504	138,702	32,198
Transfers out	87,250	188,868	101,618
Other Funds			
Police Special Funds	18,240	31,512	13,272
Health Special expenditures and transfers	115,946	183,872	67,926
Shorewood Today	30,200	50,077	19,877
Marketing Shorewood	65,500	75,903	10,403
TID No. 1	477,507	2,370,682	1,893,175
TID No. 3 expenditures and transfers	12,938	183,753	170,815
Debt Service			
Expenditures and refunding	2,010,842	4,575,492	2,564,650

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. As of December 31, 2011, the following individual funds held a deficit balance:

Fund	Amount
Special Revenue Fund - Health Special Funds	\$ 16,795
Capital Projects Fund - TID No. 3	209,813
Capital Projects Fund - TID No. 4	269,294

The Health Special Funds deficit is anticipated to be funded with grant receivables that did not meet the criteria to be considered revenue in the 2011 year. TID No. 3's deficit will be funded with future tax increments. It is management's intention that TID No. 4's deficit will be reimbursed from the proceeds of a future borrowing.

D. LIMITATIONS ON THE VILLAGE'S TAX LEVY

The State of Wisconsin's legislature has acted to limit the Village's future tax levies. Generally, the Village's non-debt tax levy is limited to its prior year tax levy dollar amount (excluding TIF Districts), plus the percentage change in the Village's equalized value due to new construction and any decrease in our debt service payments for debt issued prior to July, 2005. There is no cap on taxes required to be levied for debt service. Municipalities can carry forward up to 1/2 of one percent of their prior year unused capacity. The Village had approximately \$1,585,504 of unused capacity for the 2011 levy.

Due to an assessment error which would have resulted in tax payers paying in an additional \$1,460,298, the Village decreased our 2011 tax levy by this amount. The Village received an exception from the levy limit for this adjustment in order to allow this levy amount to be recaptured in 2012.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS

E. 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	24,782,974	26,560,256	Custodial credit risk
LGIP	453,597	453,597	Credit and interest rate
US agency securities	503,271	503,271	Custodial credit, credit risk, concentration of credit and interest rate
Municipal bonds	786,428	786,428	Custodial credit, credit risk, concentration of credit and interest rate
Certificates of deposit	<u>5,166,352</u>	<u>5,166,352</u>	Custodial credit and concentration of credit risk
	<u>\$ 31,692,622</u>	<u>\$ 33,471,425</u>	

Reconciliation to financial statements

Per statement of net assets

Cash and cash equivalents	\$ 7,480,866
Investments	6,505,698
Restricted cash and cash equivalents	1,575,277

Per statement of net assets - Fiduciary Funds

Cash and cash equivalents	<u>17,909,584</u>
Total cash and investments	<u>\$ 33,471,425</u>

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

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 SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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.

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

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village does not have any investments exposed to custodial credit risk.

Credit Risk

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

As of December 31, 2011 the Village's investments were rated as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Moody's Investors Services</u>	<u>Standard & Poor's</u>
US Agency securities	<u>\$ 503,271</u>	AAA	AA+
Municipal Bonds - by issuer			
Silver Lake WI Sanitary District	268,983	Unrated	Unrated
Cedarburg WI School District	151,893	Unrated	Unrated
Greendale WI	113,238	AA2	Unrated
Northeast WI Tech College	<u>252,315</u>	AAA	Unrated
Total Municipal Bonds	<u>\$ 786,429</u>		

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

Local Government Investment Pool

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2011, the Village's investments were as follows:

Investment Type	Fair Value	Maturity			
		Less than 1 year	1 - 2 years	2 - 3 years	3 - 5 years
LGIP	\$ 453,597	\$ 453,597	\$ -	\$ -	\$ -
Municipal bonds	786,428	252,315	-	113,238	420,875
US agency securities	503,271	-	-	-	503,271
Totals	\$ 1,743,296	\$ 705,912	\$ -	\$ 113,238	\$ 924,146

Maturities represented above assume that all investments are held until the final maturity date.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer.

As of December 31, 2011, none of the Village's investments in a single issuer exceeded 5% of the Village's portfolio.

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
As of and for the year ended December 31, 2011

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	\$ -	\$12,122,900	\$12,122,900
Subsequent period prepayment	-	2,167	2,167
Revenues earned but not available	260,363	-	260,363
Interest accrued but not available	15,884	-	15,884
Long-term receivable not available	60,000	-	60,000
Total Deferred/Unearned Revenue for Governmental Funds	\$ 336,247	\$12,125,067	\$12,461,314

Loans Receivable

Loans outstanding at year end are as follows:

Program	Amount Approved	Beginning Balance	Additions	Decreases	Ending Balance	Current Portion
Business Incentive						
Loan Program	\$ 336,500	\$ 254,919	\$ 78,873	\$ 24,854	308,938	\$ 14,378
Neighborhood						
Loan Program	271,325	182,725	28,350	20,000	191,075	-
Other Loans	28,939	27,290	1,649	7,527	21,412	7,132
Long-term Receivables	60,000	-	60,000	-	60,000	-
Total	\$ 696,764	\$ 464,934	\$ 168,872	\$ 52,381	\$ 581,425	\$ 21,510

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

A. *RECEIVABLES* (continued)

Loans Receivable (continued)

Business Incentive Loan Program

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

Loan one 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 two 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 three is a deferred principal payment loan as only interest payments were scheduled 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%. The borrower made an optional principal payment in 2011.

Loan four was disbursed during 2011 and with both principal and interest payments due beginning in September, 2011 and ending in January, 2018. These payments bear interest of 4.50%

Neighborhood Loan Program

In 2009, the Village began a Neighborhood Loan Program. This program is designed to assist residents in purchasing or making certain improvements to homes within the Village. All loans are non-interest bearing and are only due upon refinancing or sale of the property. As of December 31, 2011, 22 loans were authorized totaling \$271,325, of which \$191,075 was outstanding at year end. One loan was repaid during the year.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

Loans Receivable (continued)

Other Loans Receivable

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 \$57,878, or \$28,939. The loan will be repaid over four years and bears interest at 2.75%. Monthly repayments of approximately \$637 are due through December, 2014.

The Village entered into an agreement with a local commercial property owner which allowed the Village to demolish the vacant building currently located on the property. The agreement provided that the property owner would pay the cost of the demolition, not to exceed \$60,000 plus accrued interest, at the earlier of the sale of the property or September 12, 2014. Interest accrues at 4% per year until paid.

C. RESTRICTED ASSETS

As of December 31, 2011 the Village reported \$80,000, \$989,407 and \$505,870 as restricted assets – cash and cash equivalents. These amounts represent unspent bond proceeds which can only be spent for the purposes specified in the bond documents. The \$80,000 has been reported in the TID No. 1 fund and \$989,407 has been reported as restricted assets within the Capital Projects Fund. Both are also reported in the Governmental Activities column of the Government-wide financial statements. The \$505,870 has been reported within the Sewer Utility and Business-type Activities column on the Government-wide financial statements. It is anticipated that these funds will be utilized in 2012. The liabilities payable from restricted assets represent accounts payable related to the bond projects which will be paid from the restricted cash balances.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning			Ending
Governmental Activities	Balance	Additions	Deletions	Balance
Capital Assets not being depreciated				
Land	\$ 3,486,707	\$ 89,569	\$ -	\$ 3,576,276
Right of way	882,402	-	988	881,414
Artwork	330,000	-	-	330,000
Construction in progress	1,295,195	1,900,191	3,129,749	65,637
Total Capital Assets Not				
Being Depreciated	5,994,304	1,989,760	3,130,737	4,853,327
Capital Assets being depreciated				
Machinery and equipment	3,591,196	190,610	56,950	3,724,856
Building improvements	382,314	114,713	-	497,027
Buildings	7,916,159	40,095	80,290	7,875,964
Infrastructure	22,736,126	3,177,376	851,336	25,062,166
Total Capital Assets				
Being Depreciated	34,625,795	3,522,794	988,576	37,160,013
Total Capital Assets	40,620,099	5,512,554	4,119,313	42,013,340
Less: Accumulated Depreciation for				
Machinery and equipment	2,315,777	275,584	48,622	2,542,739
Building improvements	35,755	45,990	-	81,745
Buildings	2,239,123	154,645	48,122	2,345,646
Infrastructure	13,649,018	867,592	810,706	13,705,904
Total Accumulated Depreciation	18,239,673	1,343,811	907,450	18,676,034
Net Depreciable Assets	16,386,122	2,178,983	81,126	18,483,979
Total Governmental Activities	\$ 22,380,426	\$ 4,168,743	\$ 3,211,863	\$ 23,337,306

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 56,786
Public safety	53,660
Health and social services	5,002
Public works, which includes the depreciation of infrastructure	1,063,219
Culture and recreation	165,144
Total Governmental Activities Depreciation Expense	<u>\$ 1,343,811</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated				
Land and land rights	\$ 233,345	\$ -	\$ -	\$ 233,345
Construction in progress	410,861	647,454	548,183	510,132
Total Capital Assets Not Being Depreciated	<u>644,206</u>	<u>647,454</u>	<u>548,183</u>	<u>743,477</u>
Capital Assets being depreciated				
Water utility system	2,962,562	930,013	13,507	3,879,068
Sewer collection system	6,365,853	2,962,664	43,985	9,284,532
Parking improvements	461,653	-	-	461,653
Machinery and equipment	857,662	30,356	-	888,018
Total Capital Assets Being Depreciated	<u>10,647,730</u>	<u>3,923,033</u>	<u>57,492</u>	<u>14,513,271</u>
Total Capital Assets	<u>11,291,936</u>	<u>4,570,487</u>	<u>605,675</u>	<u>15,256,748</u>
Less: Accumulated Depreciation for				
Water utility system	925,398	79,311	55,014	949,695
Sewer collection system	1,720,948	81,923	43,985	1,758,886
Parking improvements	422,443	19,578	-	442,021
Machinery and equipment	488,794	57,554	-	546,348
Total Accumulated Depreciation	<u>3,557,583</u>	<u>238,366</u>	<u>98,999</u>	<u>3,696,950</u>
Net Capital Assets, Being Depreciated	<u>7,090,147</u>	<u>3,684,667</u>	<u>(41,507)</u>	<u>10,816,321</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,734,353</u>	<u>\$ 4,332,121</u>	<u>\$ 506,676</u>	<u>\$ 11,559,798</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 90,746
Sewer	128,042
Parking	<u>19,578</u>
Total Business-type Activities Depreciation Expense	<u>\$ 238,366</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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:

Receivable Fund	Payable Fund	Amount	Non-Current
General Fund	Water Utility	\$ 543,587	\$ -
General Fund	Sewer Utility	42,702	-
General Fund	Health Special	101,557	-
Total General Fund		687,846	-
TID No. 1	TID No. 3	209,813	209,813
TID No. 1	TID No. 4	214,940	214,940
Total TID No. 1		424,753	424,753
Sub-Total		1,112,599	424,753
Less: Fund eliminations		(526,310)	
Total Internal Balances - combined with advances		\$ 586,289	

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.

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Non-Current
General Fund	Parking Utility	\$ 71,458	\$ 58,590
General Fund	Sewer Utility	567,431	533,927
Sub-total General Fund		638,889	592,517
Parking Utility	Sewer Utility	283,716	266,965
Sewer Utility	Water Utility	24,342	12,439
Total - Fund Financial Statements		946,947	\$ 871,921
Less: Fund eliminations		(308,058)	
Total Internal Balances - advances		638,889	
Total Internal Balances - due to/ due from's above		586,289	
Total Internal Balances Statement of Net Assets		\$ 1,225,178	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

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

Years	Governmental-Activities Advances to					
	Parking Utility		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	15,791	829	37,519	12,270	53,310	13,099
2017 - 2021	-	-	204,378	44,567	204,378	44,567
2022 - 2025	-	-	185,639	13,517	185,639	13,517
Total	\$ 71,458	\$ 11,639	\$ 567,431	\$ 129,615	\$ 638,889	\$ 141,254

Years	Business-Type Activity Advances					
	Sewer Advance to Water Utility		Parking Advance to Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	7,167	17,727	7,167
2015	-	-	18,235	6,659	18,235	6,659
2016	-	-	18,759	6,135	18,759	6,135
2017 - 2021	-	-	102,186	22,284	102,186	22,284
2022 - 2025	-	-	92,826	6,750	92,826	6,750
Total	\$ 24,342	\$ 1,655	\$ 283,716	\$ 64,800	\$ 308,058	\$ 66,455

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
As of and for the year ended December 31, 2011

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:

Transferred To	Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 71,234	Payment in lieu of taxes
General Fund	Sewer Utility	4,798	Payment in lieu of taxes
General Fund	Parking Utility	33,997	Payment in lieu of taxes
General Fund	Library	6,600	Administration allocation
General Fund	Health Special Funds	32,043	Reimbursement of salaries paid by grants
Sub-Total General Fund		<u>148,672</u>	
Debt Service Fund	TID No. 1	811,521	Debt service
Debt Service Fund	TID No. 3	12,438	Debt service
Sub-Total Debt Service Fund		<u>823,959</u>	
TID No. 1	TID No. 3	100,540	Shared project costs
TID No. 1	TID No. 4	61,350	Reimburse prior year expenditures
Sub-Total TID No. 1 Fund		<u>161,890</u>	
Capital Projects Fund	General Fund	176,160	Program subsidy
Marketing Shorewood	TID No. 1	20,000	Program subsidy
Marketing Shorewood	Shorewood Today	4,500	Program subsidy
Sub-Total Nonmajor Funds		<u>24,500</u>	
Sewer Utility	General Fund	12,708	Reimbursement of prior years expenditures
Total - Fund Financial Statements		1,347,889	
Less: Fund Eliminations		(1,250,568)	
Water Utility	Governmental Activities	(239,685)	Assets constructed
Sewer Utility	Governmental Activities	(984,153)	Assets constructed
Total Transfer - Government-wide			
Statement of Activities		<u><u>\$(1,126,517)</u></u>	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

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

Transfers (continued)

The Business-type Activities financial statements include transfers of \$239,685 and \$984,153 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	\$ 110,029
Business-type Activities	Governmental Activities	<u>(1,236,546)</u>
Total Government-wide Financial Statements		<u>\$ (1,126,517)</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Add's</u>	<u>Del's</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$21,715,333	\$6,390,000	\$3,720,265	\$24,385,068	\$ 1,632,146
Deferral on advanced refunding/ (Discunts) / premiums	<u>(63,726)</u>	<u>57,631</u>	<u>(5,062)</u>	<u>(1,033)</u>	<u>(5,062)</u>
Total GO Debt	<u>21,651,607</u>	<u>6,447,631</u>	<u>3,715,203</u>	<u>24,384,035</u>	<u>1,627,084</u>
Other liabilities					
Pension	499,101	-	161,019	338,082	62,436
Other post employment benefits	564,125	192,022	99,399	656,748	-
Compensated absences	450,451	-	18,540	431,911	42,130
Retiree Sick Leave Bank	43,807	-	3,945	39,862	3,945
Capital Leases	<u>28,301</u>	<u>-</u>	<u>28,301</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>1,585,785</u>	<u>192,022</u>	<u>311,204</u>	<u>1,466,603</u>	<u>108,511</u>
Total Governmental Activities	<u>\$23,237,392</u>	<u>\$6,639,653</u>	<u>\$4,026,407</u>	<u>\$25,850,638</u>	<u>\$ 1,735,595</u>
Business-Type					
Bonds and Notes Payable					
General obligation debt	\$ 2,408,712	\$2,175,000	\$ 268,234	\$ 4,315,478	\$ 341,081
(Discunts) / premiums	<u>-</u>	<u>20,766</u>	<u>1,301</u>	<u>19,465</u>	<u>1,298</u>
Total GO Debt	<u>2,408,712</u>	<u>2,195,766</u>	<u>269,535</u>	<u>4,334,943</u>	<u>342,379</u>
Other liabilities					
Other post employment benefits	-	18,410	-	18,410	-
Compensated absences	<u>64,815</u>	<u>-</u>	<u>738</u>	<u>64,077</u>	<u>-</u>
Total Business-type Activities	<u>\$ 2,473,527</u>	<u>\$2,214,176</u>	<u>\$ 270,273</u>	<u>\$ 4,417,430</u>	<u>\$ 342,379</u>

General Obligation Debt

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

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, 2011, was \$70,965,180. Total general obligation debt outstanding at year end was \$28,700,546.

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12/31/2011
Governmental Activities					
Taxable issues					
Refunding Bonds	12/1/2005	11/30/2015	5.10 - 5.25%	\$ 2,035,000	\$ 1,030,000
Build America Bonds	5/11/2010	5/1/2022	1.35 - 4.85%	3,885,000	3,885,000
Corp Purpose Bonds	5/11/2010	5/1/2025	1.00 - 5.20%	4,576,554	4,502,859
Tax-exempt issues					
Refunding Bonds	3/1/2002	9/1/2018	2.13 - 4.75%	7,335,000	1,030,000
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	44,984
Community Dev Bonds	2/12/2008	8/1/2022	3.15%	3,520,000	3,145,000
Promissory Note	12/20/2006	4/1/2016	3.60 - 3.65%	920,000	330,000
Promissory Note	11/18/2008	10/1/2018	3.00 - 4.30%	1,740,000	1,425,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085 - 3.90%	6,390,000	6,390,000
NSFD Note Payables					
Whitefish Bay	9/1/2022	4/1/2022	2.00-3.00%	897,184	594,747
Bayside	8/1/2003	8/1/2023	3.59-4.20%	468,050	307,478
Total Governmental Activities General Obligation Debt					<u>\$ 24,385,068</u>
Business-type Activities					
Taxable Corp Purp Bonds	5/11/2010	5/1/2025	1.00 - 5.20%	\$ 143,446	\$ 137,141
Tax-exempt issues					
Clean Water Fund	6/15/1998	5/1/2018	2.64%	988,737	613,936
State Trust Fund Loan	4/22/2004	3/15/2014	3.75%	129,000	79,401
Promissory Notes	12/20/2006	4/1/2016	3.60 - 3.65%	1,165,000	805,000
Promissory Notes	11/18/2008	10/1/2018	3.00 - 4.30%	595,000	505,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085 - 3.90%	2,175,000	2,175,000
Total Business-type Activities General Obligation Debt					<u>\$ 4,315,478</u>
Total General Obligation Debt					<u>\$ 28,700,546</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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
2012	\$ 1,632,146	\$ 851,547	\$ 341,081	\$ 134,419
2013	1,784,055	792,248	349,023	122,705
2014	1,760,980	738,455	397,029	111,297
2015	1,982,185	679,527	444,719	98,379
2016	2,143,154	614,267	478,272	84,042
2017 - 2021	10,968,819	1,876,268	1,173,730	270,911
2022 - 2026	4,113,729	274,057	1,131,624	99,326
Totals	\$ 24,385,068	\$ 5,826,369	\$ 4,315,478	\$ 921,079

North Shore Fire Department Obligations

In 2002, the Village Board passed a resolution titled "Confirming Obligation to Contribute to the North Shore Fire Department's Budget to Pay Debt Service on Bonds Issued by the Village of Whitefish Bay on Behalf of the Department." The Village of Whitefish Bay borrowed \$5,015,000 in general obligation fire department project bonds dated September 1, 2002. In 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 1, 2022 and bear interest at 2.00%-3.00%. These monies were loaned to the North Shore Fire Department (NSFD) for various capital projects.

Each of the seven communities participating in the 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 2011 were \$47,439 and \$13,977, respectively. The total outstanding balance at December 31, 2011, is \$3,385,000, of which the Village is responsible for \$594,747.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

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 are due annually through October 1, 2023 with interest rates from 3.59% - 4.20%.

In 2011, the Village's share of this debt was 17.57%. The principal and interest payments paid by the Village in 2011 were \$20,206 and \$12,308 respectively. The total outstanding balance at December 31, 2011 was \$1,750,000 of which \$307,478 is the responsibility of the Village.

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

Other Debt Information

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

Advanced Refunding

On August 25, 2011 the Village issued \$8,565,000 in General Obligation Corporate Purpose Bonds with an average interest rate of 2.97%, part of which was used to advance refund \$2,465,000 of outstanding 2002 General Obligation Refunding Bonds. Net proceeds of \$2,521,048 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for debt service payments on March 1, 2012 for bonds due in years 2013 to 2018. As a result, those bonds are considered to be defeased and the liability for those bonds has been removed from the Village’s Governmental Activities Statement of Net Assets. The remaining proceeds of the new debt issue of \$6,028,899, (net of issuance costs, discount and rounding of \$58,005) were issued for water, sewer and capital projects.

The cash flow requirements on the refunded debt prior to the advanced refunding were \$2,938,578 due from 2012 to 2018. The cash flow requirements on the new bonds are \$2,716,617 from 2012 to 2018. The advanced 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 \$211,545. The debt was refinanced to take advantage of lower interest rates.

G. LEASE DISCLOSURES

Lessor - Operating Leases

In 2011 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:

Year	Future Minimum Rental	
2012	\$	25,000
2013		26,000
2014		27,040
2015		28,122
2016		30,000 *
2017		30,000 *
2018		30,000 *
2019		30,000 *
2020		30,000 *
Total	\$	256,162

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

H. NET ASSETS AND FUND BALANCES

Net Assets

Net assets reported on the government wide statement of net assets at December 31, 2011, includes the following:

	Governmental Activities	Business-type Activities
Invested in capital assets, net of related debt		
Capital Assets		
Land	\$ 4,457,690	\$ 233,345
Artwork	330,000	-
Construction in progress	65,637	510,132
Structures, improvements and equipment	37,700,280	14,513,271
Accumulated depreciation	<u>(18,676,034)</u>	<u>(3,696,950)</u>
Total Capital Assets	<u>23,877,573</u>	<u>11,559,798</u>
Capital Related Debt		
General Obligation Debt	(24,385,068)	(4,334,943)
(Discounts) / Premiums on Capital related debt	17,567	-
Less Non-Capital Related Debt Issuances		
NSFD notes payable	902,225	
2005 Taxable G.O. Refunding Bonds	1,030,000	-
2005 Tax-exempt G.O. Refunding Bonds	1,700,000	-
2010A Taxable G.O. Build America Bonds (portion)	2,910,602	-
2010B Taxable G.O. Bonds	4,502,859	137,141
2011 G.O. Corp Purpose Bonds (portion)	<u>2,044,362</u>	<u>-</u>
Total Capital Related Debt	<u>(11,277,453)</u>	<u>(4,197,802)</u>
Unspent Capital Related Bond Proceeds	<u>374,551</u>	<u>430,887</u>
Non-capital debt proceeds		
Unamortized issue costs on capital related debt	<u>79,235</u>	<u>50,532</u>
Invested in capital assets net of related debt	<u>\$ 13,053,906</u>	<u>\$ 7,843,415</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

H. NET ASSETS AND FUND BALANCES (continued)

Fund Balances

Fund balances reported on the governmental fund financial statements as of December 31, 2011 within the Committed and Assigned classifications can be further detailed as follows:

Classification / Fund	Amount	Purpose
Committed		
General Fund	\$124,410	Post retirement health care costs for former health dept employees
Nonmajor Funds	3,749	Police department activities
	86	Shorewood Today magazine
	738	Elder service programming
	<u>5,628</u>	Village marketing activities
Total Nonmajor Funds	<u>10,201</u>	
Total Committed	<u>\$134,611</u>	
Assigned		
General Fund	\$ 2,723	Atwater park landscaping
	3,897	Sustainability initiatives
	5,575	Village directory
	332,896	Neighborhood loan programs
	<u>96,308</u>	2012 budget purposes
Total General Fund	<u>441,399</u>	
Capital Projects Fund	<u>456,486</u>	Future capital projects and equipment
Total Assigned	<u>\$897,885</u>	

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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE IV – DETAILED NOTES ON ALL FUNDS (continued)

I. COMPONENT UNIT(continued)

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 \$209,049. The bank value was \$68,279 the difference is due to outstanding checks and 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 periodically by a grant from the TID No. 1. In 2011 TID No. 1 contributed \$310,000 for improvements and \$25,000 for administration. Unspent funds at the end of the grant period revert back to the TID.

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 (1200 hours for employees hired after July 1, 2011) are eligible to participate in the System. Prior to June 28, 2011, covered employees in the General category are required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. After June 28, 2011, covered employees in the General category are required by statute to contribute 5.8% of their salary (6.65% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 5.8% for Protective Occupations without Social Security) to the plan. The Village made these contributions to the plan on behalf of employees until June 28, 2011. Thereafter, employees within the General category were required to pay the employee portion. The Village continued to pay the employee portion for employees within the Protected Occupation with Social Security category. The Village does not have eligible employees in the other two categories.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE V – OTHER INFORMATION (continued)

A. EMPLOYEES' RETIREMENT SYSTEM (continued)

The payroll for Village employees covered by the System for the year ended December 31, 2011, was \$4,661,785; the employer's total payroll was \$4,828,992. The total required contribution for the year ended December 31, 2011, was \$721,073 or 15.5 percent of covered payroll. Of this amount, \$653,713 or 90.7 percent was contributed by the employer for the current year and \$67,360 or 9.3 percent was contributed by employees. Total contributions for the years ending December 31, 2010, and 2009 were \$673,583 and \$656,118, respectively, equal to the required contributions for each year. Total contributions in for the years ending December 31, 2010 and 2009 were 100 percent contributed by the employer.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service or 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings 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, 2011 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 2011 was \$81,267. The cost of estimated future payments, based on mortality tables, is \$338,082.

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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE V - OTHER INFORMATION (continued)

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.

The Village has entered into a developer agreement which calls for the Village to provide a loan and grant to a local business. This agreement calls for a total of \$350,000 in a grant and loan in exchange for physical improvements to the business's building. No work by the developers was completed during 2011 and accordingly no liability has been reported in these financial statements. This commitment will be financed with cash on hand within TID No. 1. It is anticipated that the project will begin in 2012.

The Village entered into a second developer agreement which calls for a loan and grant totaling \$8,745,000. This agreement calls for the developer to construct an 84 unit apartment building with 18,700 square feet in retail space and approximately 320 parking spaces, within a parking garage and in underground parking. The funding for the loan and grant is being provided through:

- the issuance of \$8,295,000 in debt that was completed in March, 2012. This debt will be repaid from future tax increment within TID No. 4 and income from the development;
- a future debt issuance of approximately \$840,000 for partial funding of the parking garage. This debt will be repaid from future tax increment within TID No. 1; and
- \$250,000 of cash on hand within the parking utility.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE V - OTHER INFORMATION (continued)

D. SUBSEQUENT EVENTS

On March 8, 2012 the Village's Community Development Authority (CDA) issued \$6,295,000 General Obligation Community Development Bonds (Qualified Midwestern Disaster Area Bonds) and \$1,990,000 Taxable General Obligation Community Development Bonds. The proceeds of both bonds are to finance developer grants and loans. The interest rate on the \$6,295,000 bonds range from 2.00% - 3.25% and annual maturities begin on December 1, 2014 with final maturity on December 1, 2031. The interest rate on the \$1,990,000 bonds range from 2.00% - 3.50% and annual maturities begin on December 1, 2015 with final maturity on December 1, 2028.

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.

During 2011 the NSPSCC signed a ten year agreement with the Village of Bayside which specifies that Bayside will provide dispatching services for the NSPSCC during the term of the agreement. The agreement required the NSPSCC to contribute \$1,177,911 towards a new combined dispatching facility and equipment, of this amount the Village is responsible for \$325,000. The agreement includes the payment of scheduled annual capital contributions for NSPSCC ranging from \$13,750 to \$49,269. The agreement begins in 2012 and the 2012 operational cost to NSPSCC is \$978,236. NSPSCC's annual operating and capital contributions will be distributed to the Village based on NSPSCC's cost apportionment formula. The agreement further limits annual operational cost increases to the lesser of the increase in the consumer price index or the State imposed levy limit plus any non-personnel contractual obligations. The Village's share of costs for NSPSCC in 2011 was \$313,196. The Village believes that the commission will continue to provide these services in the future at similar rates.

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

Financial information of the NSPSCC as of December 31, 2011 is available directly from the NSPSCC's office.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE V - OTHER INFORMATION (continued)

E. JOINT VENTURES (continued)

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 and the capital purchases within the Capital Projects Fund. The Village's share of operations for 2011 was \$1,984,897 and \$70,780 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.

North Shore Health Department

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

NSHD costs are allocated to individual communities based on a formula incorporating direct hours used and population. Prior to the agreement, the Village provided health services internally at a cost of approximately \$146,000 (\$213,615 total costs, less \$67,615 funded by the Village of Whitefish Bay). It is estimated that 2012 costs will be approximately \$128,400.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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 2011, the Village contributed \$29,857 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 2011, total member contributions were \$40,548. 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 value of the premiums actually contributed to plan, and changes in the Village’s net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 207,962
Interest on net OPEB obligation	28,206
Adjustment to annual required contribution	<u>(25,736)</u>
Annual OPEB cost (expense)	210,432
Contributions made	<u>(99,399)</u>
Increase in net OPEB Liability	111,033
Net OPEB Liability - beginning of year	<u>564,125</u>
Net OPEB Liability - end of year	<u>\$ 675,158</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

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 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
12/31/2009	\$ 318,000	43%	\$ 380,575
12/31/2010	318,000	42%	564,125
12/31/2011	210,432	47%	675,158

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

Actuarial accrued liability (AAL)	\$1,923,136
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>1,923,136</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$4,828,992
UAAL as a percentage of covered payroll	40%

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.

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.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and for the year ended December 31, 2011

NOTE V - OTHER INFORMATION (continued)

F. OTHER POSTEMPLOYMENT BENEFITS (continued)

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

G. RESTATEMENT OF FUND BALANCES

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented by the Village effective January 1, 2011. Fund balance reclassifications made to conform to the provisions of this Statement were required to be applied retroactively by restating fund balance for all prior periods presented. The table below details the restatements that were needed to implement this new Statement.

Fund	Fund Balance as previous reported	Reclassification of fund balance	Beginning Fund Balance as Restated
General Fund	\$ 4,983,796	\$ 515,975	\$ 5,499,771
Nonmajor Funds			
Library Fund	196,766	50,312	247,078
Library Gifts and Copy Fees	50,312	(50,312)	-
Police Special	20,856	2,609	23,465
Immunization Fund	100,579	(100,579)	-
Other Programs Fund	73,489	(73,489)	-
Health Special	7,101	-	7,101
Community Programming	7,855	(7,855)	-
Shorewood Today	-	(1,167)	(1,167)
Elder Services	(732)	-	(732)
Neighborhood Loan	335,494	(335,494)	-
Marketing Shorewood	9,605	-	9,605
Capital Projects - TID No.3	(56,060)	-	(56,060)
Total Nonmajor Funds	<u>745,265</u>	<u>(515,975)</u>	<u>229,290</u>
Total	<u>\$ 5,729,061</u>	<u>\$ -</u>	<u>\$ 5,729,061</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and for the year ended December 31, 2011

NOTE V - OTHER INFORMATION (continued)

H. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

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

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, issued November 2010. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership.
- Statement No. 61, *The Financial Reporting Entity: Omnibus*, issued November 2010. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity.
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources.
- Statement No. 64, *Derivative Instruments Application of Hedge Accounting Termination Provisions – and amendment of GASB Statement No. 53*, issued June 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.
- Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. The objective of this statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.
- Statement No. 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*, issued March 2012. The objective of this statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and 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.

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, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property taxes	\$ 7,715,996	\$ 7,715,996	\$ 7,715,999	\$ 3
Intergovernmental				
Shared taxes from state	330,757	330,757	332,098	1,341
State expenditure restraint program	251,933	251,933	251,934	1
Fire insurance tax from state	-	-	45,953	45,953
State aid - highway aids	331,000	331,000	333,019	2,019
State aid - exempt computer aid	1,375	1,375	1,980	605
State aid - services to state	815	815	767	(48)
State aid - recycling	82,000	82,000	52,762	(29,238)
FEMA disaster aid	-	-	13,213	13,213
Health grants	7,500	7,500	-	(7,500)
Total Intergovernmental Revenue	<u>1,005,380</u>	<u>1,005,380</u>	<u>1,031,726</u>	<u>26,346</u>
Regulation and Compliance				
Liquor and malt beverage licenses	16,000	16,000	18,322	2,322
Business and occupation Village licenses	3,000	3,000	13,907	10,907
Bicycle licenses	200	200	370	170
Pet licenses	6,250	6,250	5,990	(260)
Weights and measures	3,200	3,200	3,181	(19)
Security alarm permits	3,000	3,000	3,420	420
Building permits	118,400	118,400	122,685	4,285
Code compliance permits	17,500	17,500	19,350	1,850
Electrical, HVAC and plumbing permits	116,250	116,250	103,558	(12,692)
Street night permits	25,877	25,877	21,640	(4,237)
Cable TV franchise	165,000	165,000	170,950	5,950
Court penalties and costs	164,914	164,914	119,801	(45,113)
Parking violations	389,291	389,291	371,252	(18,039)
Late payment penalty	1,700	1,700	675	(1,025)
Total Regulation and Compliance	<u>1,030,582</u>	<u>1,030,582</u>	<u>975,101</u>	<u>(55,481)</u>

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, 2011

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Charges for Services				
Clerk/treasurer fees	\$ 2,550	\$ 2,550	\$ 5,880	\$ 3,330
Health department fees	15,000	15,000	9,649	(5,351)
Police inspection fees	2,250	2,250	1,976	(274)
False alarm charges	6,559	6,559	6,888	329
Whitefish Bay contract - health department	67,610	67,610	67,615	5
School vehicle maintenance	-	-	140	140
Special refuse collection fees	10,000	10,000	9,695	(305)
Disposal fees	2,800	2,800	1,715	(1,085)
Whitefish Bay contract - public works yard	11,500	11,500	11,249	(251)
Recycling rebate	30,000	30,000	67,547	37,547
Extra kart charge	1,200	1,200	7,456	6,256
Off road gas tax refund	1,150	1,150	1,892	742
Printing and copies of maps	2,850	2,850	4,591	1,741
Total Public Charges for Services	<u>153,469</u>	<u>153,469</u>	<u>196,293</u>	<u>42,824</u>
Interdepartmental Charges				
Data processing charge - water	6,702	6,702	13,181	6,479
Data processing charge - sewer	6,536	6,536	13,022	6,486
Data processing charge - parking	13,578	13,578	9,871	(3,707)
Police patrol - parking	31,339	31,339	31,713	374
Equipment rental - water	35,313	35,313	19,313	(16,000)
Equipment rental - sewer	31,313	31,313	21,969	(9,344)
Snow plowing	10,780	10,780	10,780	-
Police department vehicle maintenance	3,000	3,000	3,157	157
Total Interdepartmental Charges	<u>138,561</u>	<u>138,561</u>	<u>123,006</u>	<u>(15,555)</u>
Interest Income	<u>180,579</u>	<u>180,579</u>	<u>129,009</u>	<u>(51,570)</u>
Commercial Reevnue				
Hubbard Lodge rent	25,000	25,000	25,000	-
Insurance rebate and dividends	7,000	7,000	8,565	1,565
Donations	1,500	1,500	13,833	12,333
Miscellaneous	3,950	3,950	19,082	15,132
Total Commercial Revenue	<u>37,450</u>	<u>37,450</u>	<u>66,480</u>	<u>29,030</u>
TOTAL REVENUES	<u>10,262,017</u>	<u>10,262,017</u>	<u>10,237,614</u>	<u>(24,403)</u>

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, 2011

(continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget
EXPENDITURES				
General Government				
Board	\$ 27,498	\$ 27,498	\$ 28,159	\$ (661)
Manager	270,782	783,307	257,274	526,033
Customer service	135,460	135,460	125,495	9,965
Finance	148,301	148,301	136,638	11,663
Clerk	230,198	230,198	231,287	(1,089)
Assessment of property	50,188	50,188	52,085	(1,897)
Boards and commissions	4,483	4,483	2,798	1,685
Legal counseling	116,622	116,622	118,281	(1,659)
Municipal court	101,543	101,543	94,649	6,894
Total General Government	<u>1,085,075</u>	<u>1,597,600</u>	<u>1,046,666</u>	<u>550,934</u>
Public Safety				
Police department	3,604,776	3,604,776	3,513,091	91,685
Fire department	2,021,250	2,021,250	2,050,510	(29,260)
Planning and building inspection	437,247	437,247	428,498	8,749
Other public safety	616,696	616,696	630,941	(14,245)
Total Public Safety	<u>6,679,969</u>	<u>6,679,969</u>	<u>6,623,040</u>	<u>56,929</u>
Health Department	<u>275,429</u>	<u>275,429</u>	<u>226,485</u>	<u>48,944</u>
Public Works				
Public works administration	213,694	213,694	224,075	(10,381)
Municipal garage	276,351	276,351	295,951	(19,600)
Building maintenance	144,135	144,135	141,193	2,942
Building electric	3,545	3,545	1,331	2,214
Hubbard Lodge	3,110	3,110	2,908	202
Combined collections	139,244	139,244	145,042	(5,798)
Leaf collection	84,635	84,635	56,164	28,471
Recycling	163,995	163,995	168,563	(4,568)
Refuse disposal	199,148	199,148	189,294	9,854
Traffic device	22,822	22,822	22,556	266
Street lighting	117,145	117,145	129,868	(12,723)

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, 2011

(concluded)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Street and alley	\$ 60,004	\$ 60,004	\$ 64,293	\$ (4,289)
Street marking	16,928	16,928	14,625	2,303
Street sweeping	7,607	7,607	12,232	(4,625)
Winter maintenance	125,285	125,285	108,026	17,259
DPW fringe benefits	463,046	463,046	422,010	41,036
Total Public Works	<u>2,040,694</u>	<u>2,040,694</u>	<u>1,998,131</u>	<u>42,563</u>
Culture and Recreation				
Parks and beautification	\$ 161,949	\$ 161,949	\$ 105,014	\$ 56,935
Village center	8,606	8,606	5,955	2,651
Celebrations	25,130	25,130	42,452	(17,322)
Atwater beach	16,261	16,261	3,268	12,993
Total Culture and Recreation	<u>211,946</u>	<u>211,946</u>	<u>156,689</u>	<u>55,257</u>
Conservation and Development				
Neighborhood loan program fees	-	-	2,598	(2,598)
Forestry	106,504	106,504	138,702	(32,198)
Total Conservation and Development	<u>106,504</u>	<u>106,504</u>	<u>141,300</u>	<u>(34,796)</u>
TOTAL EXPENDITURES	<u>10,399,617</u>	<u>10,912,142</u>	<u>10,192,311</u>	<u>719,831</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(137,600)</u>	<u>(650,125)</u>	<u>45,303</u>	<u>695,428</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	132,600	132,600	148,672	16,072
Transfers out	<u>(87,250)</u>	<u>(87,250)</u>	<u>(188,868)</u>	<u>(101,618)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>45,350</u>	<u>45,350</u>	<u>(40,196)</u>	<u>(85,546)</u>
Net Change in Fund Balance	<u>\$ (92,250)</u>	<u>\$ (604,775)</u>	<u>5,107</u>	<u>\$ 609,882</u>
FUND BALANCE - Beginning of Year (Restated)			<u>5,499,771</u>	
FUND BALANCES - END OF YEAR			<u>\$ 5,504,878</u>	

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

VILLAGE OF SHOREWOOD

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected unit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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Postemployment Health Care Plan

01/01/07	\$ -	\$ 4,446,000	\$ 4,446,000	0%	\$ 4,343,601	102%
01/01/11	-	1,923,136	1,923,136	0%	4,828,992	40%

Note: The Village is required to present the above information for the three most recent actuarial studies. The above referenced studies were performed as of January 1, 2007 and 2011 and these are the only studies that have been required or completed.

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

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

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

VILLAGE OF SHOREWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of and For the Year Ended December 31, 2011

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
Village Board	\$ 27,498	\$ 28,159	\$ 661
Clerk	230,198	231,287	1,089
Assessment of property	50,188	52,085	1,897
Legal counseling	116,622	118,281	1,659
Fire department	2,021,250	2,050,510	29,260
Other public safety	616,696	630,941	14,245
Public works administration	213,694	224,075	10,381
Municipal garage	276,351	295,951	19,600
Combined collections	139,244	145,042	5,798
Recycling	163,995	168,563	4,568
Street lighting	117,145	129,868	12,723
Street and alley	60,004	64,293	4,289
Street sweeping	7,607	12,232	4,625
Celebrations	25,130	42,452	17,322
Neighborhood loan program	-	2,598	2,598
Forestry	106,504	138,702	32,198
Transfers out	87,250	188,868	101,618

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SUPPLEMENTARY
INFORMATION

VILLAGE OF SHOREWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2011

	Special Revenue Funds		
	Library	Police Special Funds	Health Special Funds
ASSETS			
Cash and cash equivalents	\$ 770,227	\$ 9,105	\$ -
Taxes receivable	306,218	-	-
Due from other governments	-	-	124,794
Prepays	728	-	-
Loans and long-term receivable	-	-	-
TOTAL ASSETS	\$ 1,077,173	\$ 9,105	\$ 124,794
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 9,099	\$ -	\$ 17,892
Accrued liabilities	27,576	-	-
Due to other funds	-	-	101,557
Deferred revenues	784,205	-	22,140
Total Liabilities	820,880	-	141,589
Fund Balances (Deficits)			
Non-spendable - prepaids	728	-	-
Restricted			
Police grants	-	5,356	-
Library Auermilller donation	29,957	-	-
Library purposes	225,608	-	-
Committed	-	3,749	-
Unassigned (deficit)	-	-	(16,795)
Total Fund Balances (Deficit)	256,293	9,105	(16,795)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,077,173	\$ 9,105	\$ 124,794

<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Shorewood Today</u>	<u>Elder Services</u>	<u>Marketing Shorewood</u>	<u>TID No. 3</u>	<u>TID No. 4</u>	
\$ 2,829	\$ 56,745	\$ 22,891	\$ -	\$ -	\$ 861,797
1,757	33,346	13,667	-	-	354,988
-	-	5,000	-	-	129,794
-	569	-	-	-	1,297
-	-	-	60,000	-	60,000
<u>\$ 4,586</u>	<u>\$ 90,660</u>	<u>\$ 41,558</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 1,407,876</u>
\$ -	\$ 1,027	\$ 930	\$ -	\$ 54,354	\$ 83,302
-	2,930	-	-	-	30,506
-	-	-	209,813	214,940	526,310
4,500	85,396	35,000	60,000	-	991,241
<u>4,500</u>	<u>89,353</u>	<u>35,930</u>	<u>269,813</u>	<u>269,294</u>	<u>1,631,359</u>
-	569	-	-	-	1,297
-	-	-	-	-	5,356
-	-	-	-	-	29,957
-	-	-	-	-	225,608
86	738	5,628	-	-	10,201
-	-	-	(209,813)	(269,294)	(495,902)
<u>86</u>	<u>1,307</u>	<u>5,628</u>	<u>(209,813)</u>	<u>(269,294)</u>	<u>(223,483)</u>
<u>\$ 4,586</u>	<u>\$ 90,660</u>	<u>\$ 41,558</u>	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 1,407,876</u>

VILLAGE OF SHOREWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Special Revenue Funds		
	Library	Police Special Funds	Health Special Funds
REVENUES			
Taxes	\$ 784,205	\$ -	\$ -
Intergovernmental	72,965	7,015	159,976
Regulation and compliance	-	9,410	-
Public charges for service	55,416	-	-
Investment income	245	-	-
Commercial	7,628	727	-
Total Revenues	<u>920,459</u>	<u>17,152</u>	<u>159,976</u>
EXPENDITURES			
Current			
Public safety	-	31,512	-
Health and social services	-	-	151,829
Culture and recreation	904,644	-	-
Conservation and development	-	-	-
Total Expenditures	<u>904,644</u>	<u>31,512</u>	<u>151,829</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,815</u>	<u>(14,360)</u>	<u>8,147</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(6,600)</u>	<u>-</u>	<u>(32,043)</u>
Total Other Financing Sources (Uses)	<u>(6,600)</u>	<u>-</u>	<u>(32,043)</u>
Net Change in Fund Balance	9,215	(14,360)	(23,896)
FUND BALANCES (DEFICIT) - Beginning of Year (Restated)	<u>247,078</u>	<u>23,465</u>	<u>7,101</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 256,293</u>	<u>\$ 9,105</u>	<u>\$ (16,795)</u>

Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
Shorewood Today	Elder Services	Marketing Shorewood	TID No. 3	TID No. 4	
\$ 4,500	\$ 81,246	\$ 35,000	\$ -	\$ -	\$ 904,951
-	11,550	-	30,000	-	281,506
-	-	-	-	-	9,410
-	34,339	-	-	-	89,755
-	-	-	-	-	245
42,330	30,261	21,426	-	-	102,372
46,830	157,396	56,426	30,000	-	1,388,239
-	-	-	-	-	31,512
-	-	-	-	-	151,829
-	155,357	-	-	-	1,060,001
50,077	-	75,903	70,775	207,944	404,699
50,077	155,357	75,903	70,775	207,944	1,648,041
(3,247)	2,039	(19,477)	(40,775)	(207,944)	(259,802)
4,500	-	20,000	-	-	24,500
-	-	(4,500)	(112,978)	(61,350)	(217,471)
4,500	-	15,500	(112,978)	(61,350)	(192,971)
1,253	2,039	(3,977)	(153,753)	(269,294)	(452,773)
(1,167)	(732)	9,605	(56,060)	-	229,290
\$ 86	\$ 1,307	\$ 5,628	\$ (209,813)	\$ (269,294)	\$ (223,483)

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2011

(continued)

	Library			Police Special Funds		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
	REVENUES					
Taxes	\$ 784,205	\$ 784,205	\$ -	\$ -	\$ -	\$ -
Intergovernmental	72,755	72,965	210	3,630	7,015	3,385
Regulation and compliance	-	-	-	10,500	9,410	(1,090)
Public charges for service	55,000	55,416	416	-	-	-
Investment income	-	245	245	-	-	-
Commercial	21,650	7,628	(14,022)	1,170	727	(443)
Total Revenues	<u>933,610</u>	<u>920,459</u>	<u>(13,151)</u>	<u>15,300</u>	<u>17,152</u>	<u>1,852</u>
EXPENDITURES						
Current						
Public safety	-	-	-	18,240	31,512	(13,272)
Health and social services	-	-	-	-	-	-
Culture and recreation	1,033,711	904,644	129,067	-	-	-
Conservation and development	-	-	-	-	-	-
Total Expenditures	<u>1,033,711</u>	<u>904,644</u>	<u>129,067</u>	<u>18,240</u>	<u>31,512</u>	<u>(13,272)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(100,101)</u>	<u>15,815</u>	<u>115,916</u>	<u>(2,940)</u>	<u>(14,360)</u>	<u>(11,420)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(6,600)	(6,600)	-	(2,500)	-	2,500
Total Other Financing Sources (Uses)	<u>(6,600)</u>	<u>(6,600)</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>2,500</u>
Net Change in Fund Balance	<u>\$(106,701)</u>	<u>9,215</u>	<u>\$ 115,916</u>	<u>\$ (5,440)</u>	<u>(14,360)</u>	<u>\$ (8,920)</u>
FUND BALANCES (DEFICIT) - Beginning of Year (Restated)		<u>247,078</u>			<u>23,465</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 256,293</u>			<u>\$ 9,105</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, 2011

(continued)

	Health Special Funds			Shorewood Today		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ 4,500	\$ 4,500	\$ -
Intergovernmental	93,274	159,976	66,702	-	-	-
Regulation and compliance	-	-	-	-	-	-
Public charges for service	-	-	-	-	-	-
Investment income	-	-	-	-	-	-
Commercial	-	-	-	21,200	42,330	21,130
Total Revenues	<u>93,274</u>	<u>159,976</u>	<u>66,702</u>	<u>25,700</u>	<u>46,830</u>	<u>21,130</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
Health and social services	83,946	151,829	(67,883)	-	-	-
Culture and recreation	-	-	-	-	-	-
Conservation and development	-	-	-	30,200	50,077	(19,877)
Total Expenditures	<u>83,946</u>	<u>151,829</u>	<u>(67,883)</u>	<u>30,200</u>	<u>50,077</u>	<u>(19,877)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,328</u>	<u>8,147</u>	<u>(1,181)</u>	<u>(4,500)</u>	<u>(3,247)</u>	<u>1,253</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	4,500	4,500	-
Transfers out	<u>(29,500)</u>	<u>(32,043)</u>	<u>(2,543)</u>	-	-	-
Total Other Financing Sources (Uses)	<u>(29,500)</u>	<u>(32,043)</u>	<u>(2,543)</u>	<u>4,500</u>	<u>4,500</u>	-
Net Change in Fund Balance	<u>\$ (20,172)</u>	<u>(23,896)</u>	<u>\$ (3,724)</u>	<u>\$ -</u>	<u>1,253</u>	<u>\$ 1,253</u>
FUND BALANCES (DEFICIT) - Beginning of Year (Restated)		<u>7,101</u>			<u>(1,167)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u><u>\$ (16,795)</u></u>			<u><u>\$ 86</u></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, 2011

(concluded)

	Elder Services			Marketing Shorewood		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 81,246	\$ 81,246	\$ -	\$ 35,000	\$ 35,000	\$ -
Intergovernmental	10,000	11,550	1,550	-	-	-
Regulation and compliance	-	-	-	-	-	-
Public charges for service	33,257	34,339	1,082	-	-	-
Investment income	-	-	-	-	-	-
Commercial	<u>32,947</u>	<u>30,261</u>	<u>(2,686)</u>	<u>15,000</u>	<u>21,426</u>	<u>6,426</u>
Total Revenues	<u>157,450</u>	<u>157,396</u>	<u>(54)</u>	<u>50,000</u>	<u>56,426</u>	<u>6,426</u>
EXPENDITURES						
Current						
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	158,780	155,357	3,423	-	-	-
Conservation and development	-	-	-	<u>65,500</u>	<u>75,903</u>	<u>(10,403)</u>
Total Expenditures	<u>158,780</u>	<u>155,357</u>	<u>3,423</u>	<u>65,500</u>	<u>75,903</u>	<u>(10,403)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,330)</u>	<u>2,039</u>	<u>3,369</u>	<u>(15,500)</u>	<u>(19,477)</u>	<u>(3,977)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	20,000	20,000	-
Transfers out	-	-	-	<u>(4,500)</u>	<u>(4,500)</u>	-
Total Other Financing Sources (Uses)	-	-	-	<u>15,500</u>	<u>15,500</u>	-
Net Change in Fund Balance	<u>\$ (1,330)</u>	<u>2,039</u>	<u>\$ 3,369</u>	<u>\$ -</u>	<u>(3,977)</u>	<u>\$ (3,977)</u>
FUND BALANCES (DEFICIT) - Beginning of Year (Restated)		<u>(732)</u>			<u>9,605</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 1,307</u>			<u>\$ 5,628</u>	

VILLAGE OF SHOREWOOD

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,137,994	\$ 1,137,994	\$ -
Intergovernmental	53,960	53,960	-
Investment income	500	1,186	686
Total Revenues	<u>1,192,454</u>	<u>1,193,140</u>	<u>686</u>
EXPENDITURES			
Debt Service			
Principal retirement	1,187,620	1,187,620	-
Interest and fiscal charges	823,222	866,823	(43,601)
Total Expenditures	<u>2,010,842</u>	<u>2,054,443</u>	<u>(43,601)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(818,388)</u>	<u>(861,303)</u>	<u>(42,915)</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	-	2,495,000	2,495,000
Premium on bonds issued	-	74,200	74,200
Payment to refunded bond escrow	-	(2,521,049)	(2,521,049)
Transfers in	823,959	823,959	-
Total Other Financing Sources (Uses)	<u>823,959</u>	<u>872,110</u>	<u>48,151</u>
Net Change in Fund Balance	<u>\$ 5,571</u>	10,807	<u>\$ 5,236</u>
FUND BALANCES - Beginning of Year		<u>7,465</u>	
FUND BALANCES - END OF YEAR		<u>\$ 18,272</u>	

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2011

(continued)

	TID No. 1			TID No. 3		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 1,338,700	\$ 1,361,260	\$ 22,560	\$ -	\$ -	\$ -
Intergovernmental	45,000	45,335	335	13,000	30,000	17,000
Investment income	10,000	17,153	7,153	1,000	-	(1,000)
Commercial	300	4,605	4,305	-	-	-
Total Revenues	<u>1,394,000</u>	<u>1,428,353</u>	<u>34,353</u>	<u>14,000</u>	<u>30,000</u>	<u>16,000</u>
EXPENDITURES						
Current						
Conservation and development	477,507	1,735,373	(1,257,866)	500	70,775	(70,275)
Capital Outlay	-	634,659	(634,659)	-	-	-
Debt Service						
Interest and fiscal charges	-	650	(650)	-	-	-
Total Expenditures	<u>477,507</u>	<u>2,370,682</u>	<u>(1,893,175)</u>	<u>500</u>	<u>70,775</u>	<u>(70,275)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>916,493</u>	<u>(942,329)</u>	<u>(1,858,822)</u>	<u>13,500</u>	<u>(40,775)</u>	<u>(54,275)</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	-	-	-	-	-
Transfers in	-	161,890	161,890	-	-	-
Transfers out	<u>(831,521)</u>	<u>(831,521)</u>	<u>-</u>	<u>(12,438)</u>	<u>(112,978)</u>	<u>(100,540)</u>
Total Other Financing Sources (Uses)	<u>(831,521)</u>	<u>(669,631)</u>	<u>161,890</u>	<u>(12,438)</u>	<u>(112,978)</u>	<u>(100,540)</u>
Net Change in Fund Balance	<u>\$ 84,972</u>	<u>(1,611,960)</u>	<u>\$ (1,696,932)</u>	<u>\$ 1,062</u>	<u>(153,753)</u>	<u>\$ (154,815)</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>3,746,273</u>			<u>(56,060)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 2,134,313</u>			<u>\$ (209,813)</u>	

VILLAGE OF SHOREWOOD

CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2011

(concluded)

	General Capital Projects		
	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 406,418	\$ 406,418	\$ -
Intergovernmental	379,000	407,060	28,060
Public charges for services	65,000	52,777	(12,223)
Investment income	-	6,733	6,733
Total Revenues	<u>850,418</u>	<u>872,988</u>	<u>22,570</u>
EXPENDITURES			
Capital Outlay	4,937,486	4,666,805	270,681
Debt Service			
Principal retirement	-	67,645	(67,645)
Interest and fiscal charges	95,861	94,647	1,214
Total Expenditures	<u>5,033,347</u>	<u>4,829,097</u>	<u>204,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,182,929)</u>	<u>(3,956,109)</u>	<u>226,820</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	-	3,142	3,142
Insurance recoveries	-	93,734	93,734
General obligation debt issued	3,631,679	3,895,000	263,321
Premium on bonds issued	-	39,480	39,480
Transfers in	126,000	176,160	50,160
Total Other Financing Sources (Uses)	<u>3,757,679</u>	<u>4,207,516</u>	<u>449,837</u>
Net Change in Fund Balance	<u>\$ (425,250)</u>	<u>251,407</u>	<u>\$ 676,657</u>
FUND BALANCES (DEFICIT) - Beginning of Year		<u>779,500</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 1,030,907</u>	

STATISTICAL
SECTION

VILLAGE OF SHOREWOOD

STATISTICAL SECTION

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

Contents	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the Village's financial performance and well-being have changed over time.	101 - 108
Revenue Capacity These schedules contain information to help the reader assess the Village's most significant local revenue source, the property tax.	109 - 112
Debt Capacity Theses schedules present information to help the reader assess the affordability of the Village's current levels of outstanding debt and the Village's ability to issue new debt in the future.	113 - 116
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village's financial activities take place.	117 - 119
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Village's financial report relates to the services the Village provides and the activities it performs.	120 - 122

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

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VILLAGE OF SHOREWOOD

NET ASSETS BY COMPONENT
Last Nine Years (1)

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in capital assets, net of related debt	\$ (1,336,921)	\$ (484,370)	\$ 1,245,585	\$ 8,068,421	\$ 11,784,332	\$ 11,477,143	\$ 12,045,928	\$ 11,803,216	\$ 13,053,906
Restricted	454,605	304,130	122,083	255,592	301,659	278,015	293,931	2,545,756	2,395,134
Unrestricted	(1,489,766)	(1,204,826)	(1,688,464)	470,676	(363,576)	147,553	(121,232)	(5,056,215)	(8,659,814)
Total	<u>(2,372,082)</u>	<u>(1,385,066)</u>	<u>(320,796)</u>	<u>8,794,689</u>	<u>11,722,415</u>	<u>11,902,711</u>	<u>12,218,627</u>	<u>9,292,757</u>	<u>6,789,226</u>
Business-type Activities									
Invested in capital assets, net of related debt	6,413,555	6,452,432	6,818,344	5,797,835	5,013,959	5,181,663	4,846,237	5,488,785	7,843,415
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	500,857	677,868	225,769	1,199,873	825,750	257,910	208,047	(686,652)	(439,907)
Total	<u>6,914,412</u>	<u>7,130,300</u>	<u>7,044,113</u>	<u>6,997,708</u>	<u>5,839,709</u>	<u>5,439,573</u>	<u>5,054,284</u>	<u>4,802,133</u>	<u>7,403,508</u>
Primary government									
Invested in capital assets, net of related debt	5,076,634	5,968,062	8,063,929	13,866,256	16,798,291	16,658,806	16,892,165	17,292,001	20,897,321
Restricted	454,605	304,130	122,083	255,592	301,659	278,015	293,931	2,545,756	2,395,134
Unrestricted	(988,909)	(526,958)	(1,462,695)	1,670,549	462,174	405,463	86,815	(5,742,867)	(9,099,721)
Total	<u>\$ 4,542,330</u>	<u>\$ 5,745,234</u>	<u>\$ 6,723,317</u>	<u>\$ 15,792,397</u>	<u>\$ 17,562,124</u>	<u>\$ 17,342,284</u>	<u>\$ 17,272,911</u>	<u>\$ 14,094,890</u>	<u>\$ 14,192,734</u>

(1) GASB Statement 44 requires that a ten year trend be presented. The Village implemented GASB Statement No. 34 for the year ended December 31, 2003. 2002 Results have not been restated for this standard, thus only nine years shown on this table.

VILLAGE OF SHOREWOOD

CHANGES IN NET ASSETS
Last Nine Years (1)

(continued)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General government	\$ 1,160,155	\$ 1,318,351	\$ 1,622,899	\$ 989,767	\$ 1,139,323
Public safety	5,292,257	5,391,964	5,490,221	5,421,782	5,689,439
Health and social services	1,708,530	1,874,277	1,868,372	2,125,794	2,796,785
Public works	384,644	365,057	386,412	398,251	412,820
Culture and recreation	1,464,744	1,322,561	1,013,572	1,334,415	1,419,136
Conservation and development	1,459,027	593,566	336,515	698,032	605,611
Interest and fiscal charges	591,191	647,606	667,507	710,427	665,079
Total government activities expense	<u>12,060,548</u>	<u>11,513,382</u>	<u>11,385,498</u>	<u>11,678,468</u>	<u>12,728,193</u>
Business-type Activities:					
Water Utility	850,672	840,965	934,183	962,936	1,034,205
Sewer Utility	872,269	870,557	928,452	944,940	1,103,932
Parking	114,864	124,965	125,749	148,956	155,513
Total business-type activities expense	<u>1,837,805</u>	<u>1,836,487</u>	<u>1,988,384</u>	<u>2,056,832</u>	<u>2,293,650</u>
Total Primary Government Expense	<u>13,898,353</u>	<u>13,349,869</u>	<u>13,373,882</u>	<u>13,735,300</u>	<u>15,021,843</u>
Program Revenues					
Governmental Activities:					
Charges for Services	1,002,468	1,013,428	1,239,824	1,340,800	1,410,519
Operating Grants and Contributions	783,474	743,416	783,530	726,021	868,249
Capital Grants and Contributions	997,838	168,943	18,492	99,775	26,394
Total governmental activities program revenues	<u>2,783,780</u>	<u>1,925,787</u>	<u>2,041,846</u>	<u>2,166,596</u>	<u>2,305,162</u>
Business-type activities:					
Charges for Services	2,065,062	2,057,225	2,057,686	2,040,297	2,141,154
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total business-type activities program revenues	<u>2,065,062</u>	<u>2,057,225</u>	<u>2,057,686</u>	<u>2,040,297</u>	<u>2,141,154</u>
Total Primary Government Program Revenues	<u>4,848,842</u>	<u>3,983,012</u>	<u>4,099,532</u>	<u>4,206,893</u>	<u>4,446,316</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET ASSETS
Last Nine Years (1)

(continued)

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental Activities	\$ (9,276,768)	\$ (9,587,595)	\$ (9,343,652)	\$ (9,511,872)	\$ (10,423,031)
Business-type Activities	227,257	220,738	69,302	(16,535)	(152,496)
Total Primary Government Net Expense	<u>(9,049,511)</u>	<u>(9,366,857)</u>	<u>(9,274,350)</u>	<u>(9,528,407)</u>	<u>(10,575,527)</u>
General Revenues and Other changes in Net Assets					
Governmental Activities:					
Property Taxes	8,964,310	9,351,448	9,691,175	10,173,907	10,519,010
Intergovernmental revenues not restricted to specific programs	860,923	709,721	810,990	712,393	704,610
Investment Income	195,586	213,077	490,259	632,340	742,490
Miscellaneous	142,910	237,668	187,293	290,332	317,335
Transfers	61,852	62,697	62,268	74,934	78,575
Total Governmental Activities	<u>10,225,581</u>	<u>10,574,611</u>	<u>11,241,985</u>	<u>11,883,906</u>	<u>12,362,020</u>
Business-type Activities:					
Intergovernmental revenues not restricted to specific programs	11,657	18,539	31,420	-	-
Investment Income	37,619	39,308	41,296	45,064	61,809
Transfers	(61,852)	(62,697)	(62,268)	(74,934)	(78,575)
Total Business-type Activities	<u>(12,576)</u>	<u>(4,850)</u>	<u>10,448</u>	<u>(29,870)</u>	<u>(16,766)</u>
Total Primary Government	<u>10,213,005</u>	<u>10,569,761</u>	<u>11,252,433</u>	<u>11,854,036</u>	<u>12,345,254</u>
Change in Net Assets					
Governmental Activities	948,813	987,016	1,898,333	2,372,034	1,938,989
Business-type Activities	214,681	215,888	79,750	(46,405)	(169,262)
Total Primary Government	<u>\$ 1,163,494</u>	<u>\$ 1,202,904</u>	<u>\$ 1,978,083</u>	<u>\$ 2,325,629</u>	<u>\$ 1,769,727</u>

(1) GASB Statement 44 requires that a ten year trend be presented. The Village implemented GASB Statement No. 34 for the year ended December 31, 2003. 2002 Results have not been restated for this standard, thus only nine years shown on this table.

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

VILLAGE OF SHOREWOOD

CHANGES IN NET ASSETS
Last Nine Years (1)

(continued)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities:				
General government	\$ 1,074,631	\$ 1,144,251	\$ 1,207,164	\$ 1,176,140
Public safety	5,886,599	6,031,982	6,090,227	6,855,057
Health and social services	3,483,305	3,314,720	367,852	363,298
Public works	429,456	504,886	5,489,734	4,146,710
Culture and recreation	1,958,092	1,184,539	1,346,194	1,712,091
Conservation and development	857,009	1,631,759	2,528,039	2,285,189
Interest and fiscal charges	725,962	712,583	848,052	884,021
Total government activities expense	<u>14,415,054</u>	<u>14,524,720</u>	<u>17,877,262</u>	<u>17,422,506</u>
Business-type Activities:				
Water Utility	1,058,469	1,125,213	1,179,876	1,287,836
Sewer Utility	1,226,171	1,308,994	1,309,817	1,675,352
Parking	162,030	159,878	171,855	214,358
Total business-type activities expense	<u>2,446,670</u>	<u>2,594,085</u>	<u>2,661,548</u>	<u>3,177,546</u>
Total Primary Government Expense	<u>16,861,724</u>	<u>17,118,805</u>	<u>18,049,117</u>	<u>17,636,864</u>
Program Revenues				
Governmental Activities:				
Charges for Services	1,252,065	1,225,630	1,169,641	1,271,890
Operating Grants and Contributions	699,950	912,109	996,816	1,089,423
Capital Grants and Contributions	63,496	428,538	518,409	1,035,176
Total governmental activities program revenues	<u>2,015,511</u>	<u>2,566,277</u>	<u>2,684,866</u>	<u>3,396,489</u>
Business-type activities:				
Charges for Services	2,110,966	2,286,517	2,377,259	2,900,918
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	11,886	1,580,988
Total business-type activities program revenues	<u>2,110,966</u>	<u>2,286,517</u>	<u>2,389,145</u>	<u>4,481,906</u>
Total Primary Government Program Revenues	<u>4,126,477</u>	<u>4,852,794</u>	<u>5,074,011</u>	<u>7,878,395</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET ASSETS
Last Nine Years (1)

(concluded)

	Fiscal Year			
	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental Activities	\$ (12,399,543)	\$ (11,958,443)	\$ (15,192,396)	\$ (14,026,017)
Business-type Activities	(335,704)	(307,568)	(272,403)	1,304,360
Total Primary Government Net Expense	<u>(12,735,247)</u>	<u>(12,266,011)</u>	<u>(15,464,799)</u>	<u>(12,721,657)</u>
General Revenues and Other changes in Net Assets				
Governmental Activities:				
Property Taxes	11,065,709	10,941,896	11,074,984	11,526,622
Intergovernmental revenues not restricted to specific programs	724,684	779,829	669,473	662,114
Investment Income	463,533	93,157	205,858	160,354
Miscellaneous	243,211	373,436	327,509	299,913
Transfers	82,702	86,041	(11,298)	(1,126,517)
Total Governmental Activities	<u>12,579,839</u>	<u>12,274,359</u>	<u>12,266,526</u>	<u>11,522,486</u>
Business-type Activities:				
Intergovernmental revenues not restricted to specific programs	-	-	-	158,800
Investment Income	18,270	8,320	8,954	11,698
Transfers	(82,702)	(86,041)	11,298	1,126,517
Total Business-type Activities	<u>(64,432)</u>	<u>(77,721)</u>	<u>20,252</u>	<u>1,297,015</u>
Total Primary Government	<u>12,515,407</u>	<u>12,196,638</u>	<u>12,286,778</u>	<u>12,819,501</u>
Change in Net Assets				
Governmental Activities	180,296	315,916	(2,925,870)	(2,503,531)
Business-type Activities	(400,136)	(385,289)	(252,151)	2,601,375
Total Primary Government	<u>\$ (219,840)</u>	<u>\$ (69,373)</u>	<u>\$ (3,178,021)</u>	<u>\$ 97,844</u>

(1) GASB Statement 44 requires that a ten year trend be presented. The Village implemented GASB Statement No. 34 for the year ended December 31, 2003. 2002 Results have not been restated for this standard, thus only nine years shown on this table.

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

VILLAGE OF SHOREWOOD

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 1,601,350	\$ 1,030,755	\$ 880,956	\$ 944,491	\$ 378,625	\$ 440,899	\$ 433,618	\$ 2,166,874	\$ 1,340,238	\$ -
Unreserved	3,668,356	4,452,585	4,324,970	4,267,585	5,075,774	5,129,507	4,981,937	2,905,259	3,643,558	-
Non-spendable	-	-	-	-	-	-	-	-	-	1,193,705
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	124,410
Assigned	-	-	-	-	-	-	-	-	-	441,399
Unassigned	-	-	-	-	-	-	-	-	-	3,745,364
Total General Fund	<u>5,269,706</u>	<u>5,483,340</u>	<u>5,205,926</u>	<u>5,212,076</u>	<u>5,454,399</u>	<u>5,570,406</u>	<u>5,415,555</u>	<u>5,072,133</u>	<u>4,983,796</u>	<u>5,504,878</u>
All Other Governmental Funds										
Reserved	589,111	590,988	723,618	2,423,905	1,379,544	1,389,895	1,228,012	1,247,724	1,715,451	-
Unreserved, reported in:										
Special Revenue Funds	258,210	133,650	209,063	335,826	516,894	593,378	576,808	828,547	616,708	-
Capital Projects Funds	(841,924)	3,894,447	4,010,229	1,665,874	2,002,943	605,708	1,327,202	823,392	2,946,343	-
Non-spendable	-	-	-	-	-	-	-	-	-	25,064
Restricted	-	-	-	-	-	-	-	-	-	2,964,160
Committed	-	-	-	-	-	-	-	-	-	10,201
Assigned	-	-	-	-	-	-	-	-	-	456,486
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	(495,902)
Total	<u>5,397</u>	<u>4,619,085</u>	<u>4,942,910</u>	<u>4,425,605</u>	<u>3,899,381</u>	<u>2,588,981</u>	<u>3,132,022</u>	<u>2,899,663</u>	<u>5,278,502</u>	<u>2,960,009</u>
Total Fund Balances	<u>\$ 5,275,103</u>	<u>\$ 10,102,425</u>	<u>\$ 10,148,836</u>	<u>\$ 9,637,681</u>	<u>\$ 9,353,780</u>	<u>\$ 8,159,387</u>	<u>\$ 8,547,577</u>	<u>\$ 7,971,796</u>	<u>\$ 10,262,298</u>	<u>\$ 8,464,887</u>

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

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VILLAGE OF SHOREWOOD

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

(continued)

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Taxes	\$ 8,378,337	\$ 8,964,311	\$ 9,351,448	\$ 9,691,174	\$ 10,188,414
Intergovernmental revenue	1,630,041	1,672,596	1,591,505	1,650,823	1,641,700
Regulation and compliance	709,648	348,505	346,580	973,148	1,031,562
Public charges for services	237,140	442,534	495,155	265,336	266,611
Interdepartmental charges	-	-	-	-	-
Special assessments	37,876	276,740	273,814	29,791	43,965
Investments	309,210	992,511	122,499	490,256	632,220
Commercial	141,808	264,739	356,625	201,291	169,254
Total Revenues	11,444,060	12,961,936	12,537,626	13,301,819	13,973,726
Expenditures					
Current					
General government	1,417,179	1,472,361	1,744,023	1,674,111	1,338,953
Public safety	4,983,128	5,209,835	5,275,675	5,253,464	5,426,565
Health and social services	338,477	401,522	382,344	372,783	450,327
Public works	1,631,554	1,597,856	1,645,801	1,730,542	1,654,596
Culture and recreation	742,336	815,387	847,960	857,392	897,602
Conservation and development	113,602	106,389	80,101	99,185	119,366
Capital Outlay	6,970,121	2,203,136	1,033,777	1,651,450	2,255,272
Debt Service					
Principal	8,541,308	899,150	1,056,167	6,375,504	1,090,869
Interest and fiscal charges	551,083	774,027	639,205	610,394	686,920
Total Expenditures	25,288,788	13,479,663	12,705,053	18,624,825	13,920,470
Excess of Revenues					
Over/(Under) Expenditures	(13,844,728)	(517,727)	(167,427)	(5,323,006)	53,256
Other Financing Sources/(Uses)					
Transfers In	1,461,121	1,929,926	1,841,602	7,054,068	1,742,323
Transfers	(1,461,121)	(1,868,074)	(1,778,905)	(6,991,800)	(1,667,389)
General obligation debt issued	7,335,000	5,270,000	133,000	5,735,035	920,000
Premium on bonds issued	90,115	10,179	-	-	-
Insurance recoveries	-	-	-	-	-
Payment on current refunding	-	-	-	-	-
Payment on advanced refunding	-	-	-	-	-
Payment of unfunded pension liability	-	-	-	(997,500)	-
Sale of property	58,112	3,018	18,141	12,048	17,116
Total Other Financing Sources/(Uses)	7,483,227	5,345,049	213,838	4,811,851	1,012,050
Net Change in Fund Balances	\$ (6,361,501)	\$ 4,827,322	\$ 46,411	\$ (511,155)	\$ 1,065,306
Debt Service as a percentage					
of noncapital expenditures	44.62%	13.17%	13.63%	39.84%	14.20%

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

VILLAGE OF SHOREWOOD

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

(concluded)

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 10,519,010	\$ 11,065,709	\$ 10,941,896	\$ 11,074,984	\$ 11,526,622
Intergovernmental revenue	1,620,241	1,577,672	1,859,463	1,784,758	1,819,587
Regulation and compliance	1,071,156	989,596	1,064,019	964,736	984,511
Public charges for services	286,600	291,119	258,983	405,484	338,825
Interdepartmental charges	-	-	-	-	123,006
Special assessments	59,075	36,255	46,324	59,798	-
Investments	742,491	463,532	93,155	191,674	154,326
Commercial	238,288	216,079	432,380	261,624	173,457
Total Revenues	<u>14,536,861</u>	<u>14,639,962</u>	<u>14,696,220</u>	<u>14,743,058</u>	<u>15,120,334</u>
Expenditures					
Current					
General government	1,386,829	1,388,318	1,050,805	1,075,355	1,017,937
Public safety	5,635,635	5,727,558	5,872,096	6,155,896	6,654,552
Health and social services	424,026	458,895	529,898	381,643	378,314
Public works	1,848,499	2,005,840	1,882,244	1,877,680	1,998,131
Culture and recreation	1,076,822	1,085,955	1,254,578	1,401,219	1,216,690
Conservation and development	208,479	364,120	1,631,759	2,528,039	2,281,372
Capital Outlay	3,277,009	4,742,289	1,345,103	3,984,888	5,301,464
Debt Service					
Principal	1,317,997	2,975,419	1,089,495	1,183,677	1,283,566
Interest and fiscal charges	674,655	867,219	702,064	1,014,068	962,548
Total Expenditures	<u>15,849,951</u>	<u>19,615,613</u>	<u>15,358,042</u>	<u>19,602,465</u>	<u>21,094,574</u>
Excess of Revenues					
Over/(Under) Expenditures	(1,313,090)	(4,975,651)	(661,822)	(4,859,407)	(5,974,240)
Other Financing Sources/(Uses)					
Transfers In	1,903,119	3,046,071	1,509,498	1,426,370	1,335,181
Transfers	(1,824,544)	(2,963,369)	(1,423,457)	(1,329,204)	(1,237,860)
General obligation debt issued	-	5,260,000	-	8,461,554	6,390,000
Premium on bonds issued	-	-	-	-	113,680
Insurance recoveries	-	-	-	213,685	93,734
Payment on current refunding	-	-	-	(1,630,372)	-
Payment on advanced refunding	-	-	-	-	(2,521,049)
Payment of Unfunded pension liability	-	-	-	-	-
Sale of property	40,122	21,139	-	7,876	3,142
Total Other Financing Sources/(Uses)	<u>118,697</u>	<u>5,363,841</u>	<u>86,041</u>	<u>7,149,909</u>	<u>4,176,828</u>
Net Change in Fund Balances	\$ <u>(1,194,393)</u>	\$ <u>388,190</u>	\$ <u>(575,781)</u>	\$ <u>2,290,502</u>	\$ <u>(1,797,412)</u>
Debt Service as a percentage					
of noncapital expenditures	15.27%	24.03%	12.41%	11.92%	11.97%

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

VILLAGE OF SHOREWOOD

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

Valuation Year	Collection Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Assessed Value (3)	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2001	2002	\$ -	\$ -	\$ -	\$ -	\$ 945,787,050	\$ 8.17	\$ 1,013,583,400	93.31%
2002	2003	775,126,600	170,218,600	806,800	9,589,975	955,741,975	8.63	1,125,439,300	84.92%
2003	2004	782,257,600	171,258,400	-	8,668,090	962,184,090	8.90	1,182,104,600	81.40%
2004	2005	791,821,400	164,949,700	-	6,845,140	963,616,240	9.14	1,269,237,700	75.92%
2005	2006	809,778,400	164,086,400	-	9,225,990	983,090,790	9.24	1,386,844,700	70.89%
2006	2007	817,380,700	164,896,700	-	7,764,110	990,041,510	9.44	1,458,604,600	67.88%
2007	2008	1,240,704,200	239,535,600	-	13,215,340	1,493,455,140	6.51	1,497,125,900	99.75%
2008	2009	1,248,790,400	239,476,500	-	12,139,780	1,500,406,680	6.63	1,492,579,200	100.52%
2009	2010	1,252,323,700	239,948,000	-	11,166,646	1,503,438,346	6.77	1,525,289,600	98.57%
2010	2011	1,248,898,500	230,760,300	-	9,391,001	1,489,049,801	7.06	1,437,686,900	103.57%
2011	2012	1,245,011,200	234,660,300	-	9,041,500	1,488,713,000	6.48	1,419,303,600	104.89%

Source: Wisconsin Department of Revenue

(1) Assessed values are as of January 1 of a given year are used for the following year's tax revenue. For example: assessed values on January 1, 2010 are used for the 2010 tax levy which is collected and shown as revenue in 2011.

To aid in the review of assessed values, the 2011 values which are used for revenue collected in 2012 are also shown above.

(2) The breakdown of residential/commercial and industrial for the 2002 collection year are not available.

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

(4) The Village does not have any agricultural property.

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

VILLAGE OF SHOREWOOD

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

Tax Year	Collection Year	Direct	Overlapping Rates			Effective Rate (4)
		Village of Shorewood	Schools (1)	Milwaukee County (2)	Other (3)	
2001	2002	\$ 8.17	\$ 13.81	\$ 5.77	\$ 2.04	\$ 29.79
2002	2003	8.63	15.30	5.99	2.24	32.17
2003	2004	8.90	16.30	5.91	2.22	33.33
2004	2005	9.14	16.32	6.01	2.29	33.75
2005	2006	9.24	15.72	6.00	2.27	33.23
2006	2007	9.44	14.01	5.78	4.52	33.76
2007	2008	6.51	11.56	3.90	1.45	23.42
2008	2009	6.63	11.61	3.94	1.45	23.72
2009	2010	6.77	12.14	4.21	1.52	24.63
2010	2011	7.06	12.51	4.30	1.56	25.43

Source: Village Records

- (1) Schools includes all local school districts and technical college district
- (2) County Tax Credit included in County Tax Rate starting in Tax Year 2004.
- (3) Other includes Tax Rate for Milwaukee Metropolitan Sewerage District
- (4) In 2008 the Village conducted a Village-wide property re-valuation in which all properties were reassessed.

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

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

VILLAGE OF SHOREWOOD

PRINCIPAL PROPERTY TAXPAYERS
Ten Years Ago and Current Year

2001					2011				
Taxpayer	Type of Business	Total Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Type of Business	Total Assessed Valuation	Rank	% of Total Assessed Valuation
Trace Corporation	Apartments	\$ 12,410,350	1	1.31%	Estabrook Homes	Apartments	\$ 15,202,800	1	1.02%
River Park Development	Commercial	12,171,450	2	1.29%	Eastmore Real Estate	Commercial	12,755,700	2	0.86%
Beverly Enterprises	Commercial	8,329,800	3	0.88%	Katz Properties	Commercial	12,619,200	3	0.85%
Oakland Tenants	Commercial	6,384,300	4	0.68%	Oakland Ave Prop, LLP	Commercial	11,817,100	4	0.79%
Fountainview	Commercial	5,836,000	5	0.62%	River Park	Commercial	11,046,000	5	0.74%
Wi. Association LTD Partner	Apartments	4,310,500	6	0.46%	Fountainview	Apartments	8,253,700	6	0.55%
Individual	Commercial/mix	3,286,400	7	0.35%	Exchequer LLC	Commercial/mix	7,646,000	7	0.51%
Montrose Apts.	Commercial	3,084,900	8	0.33%	Blankstein Enterprises	Commercial	6,030,900	8	0.41%
NS Investment	Commercial	2,950,000	9	0.31%	Shoreline Realty	Commercial	5,961,600	9	0.40%
New World (Witi)	Commercial	2,689,550	10	0.28%	Wisconsin Family Robinson	Commercial	5,001,500	10	0.34%
Total		<u>\$ 61,453,250</u>		<u>6.50%</u>	Total		<u>\$ 96,334,500</u>		<u>6.47%</u>

Based on total Assessed Value as of January 1,

2001 \$ 945,787,050

2011 \$ 1,488,713,000

VILLAGE OF SHOREWOOD

PROPERTY TAX LEVIES AND COLLECTIONS

Last ten years

Levy Year	Collection Year	Total Tax Levy	Total Uncollected	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
2001	2002	\$ 7,726,872	\$ 3,792	\$ 7,723,080	99.95%	\$ -	\$ 7,723,080	99.95%
2002	2003	8,252,795	4,631	8,248,164	99.94%	-	8,248,164	99.94%
2003	2004	8,559,603	1,712	8,557,891	99.98%	-	8,557,891	99.98%
2004	2005	8,804,177	1,181	8,802,996	99.99%	-	8,802,996	99.99%
2005	2006	9,084,361	2,331	9,082,030	99.97%	-	9,082,030	99.97%
2006	2007	9,349,142	1,413	9,347,729	99.98%	-	9,347,729	99.98%
2007	2008	9,717,203	12,390	9,704,813	99.87%	-	9,704,813	99.87%
2008	2009	9,952,752	4,665	9,948,087	99.95%	-	9,948,087	99.95%
2009	2010	10,184,923	2,064	10,182,859	99.98%	-	10,182,859	99.98%
2010	2011	10,518,068	12,143	10,505,925	99.88%	-	10,165,359	96.65%
2011	2012	9,645,304	-	-	0.00%	-	-	0.00%

Tax bills are generated by December 15 of the levy year and are due January 31 of the following year. Collections made between December 15 and 31st for the subsequent year have been included in the column titled Collected within the Fiscal Year of the Levy.

Collections for the 2011 tax levy are made in 2012 so no collection information is available.

VILLAGE OF SHOREWOOD

RATIOS OF OUTSTANDING DEBT BY TYPE

Last ten years

Fiscal Year	Governmental Activities		Business Activities		Total Primary Government	% of Adjusted Gross Income (1)	Debt Per Capita
	General Obligation Bonds/Notes	Bond Anticipation Notes	General Obligation Bonds/Notes				
2002	\$ 11,176,284	\$ -	\$ -	\$ -	\$ 11,176,284	0.00%	812.05
2003	11,998,018	5,270,000	-	-	17,268,018	0.00%	1,254.67
2004	11,362,911	5,270,000	129,000		16,761,911	0.00%	1,217.90
2005	16,137,640	-	288,263		16,425,903	0.00%	1,193.48
2006	16,312,099	-	1,442,558		17,754,657	0.00%	1,290.03
2007	14,333,033	-	2,348,370		16,681,403	0.00%	1,212.05
2008	17,071,365	-	2,858,018		19,929,383	3.78%	1,448.04
2009	16,006,994	-	2,645,085		18,652,079	3.44%	1,355.23
2010	21,715,333	-	2,408,712		24,124,045	4.98%	1,832.86
2011	24,385,068	-	4,315,478		28,700,546	5.73%	2,180.56

(1) Adjusted gross income prior to 2008 is not available.

VILLAGE OF SHOREWOOD

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last ten years

Fiscal Year	Total General Bonded Debt	Reserved Funds for Debt Service	Net General Bonded Debt	Total Taxable Equalized Value	Ratio of General Bonded Debt to Equalized Property Value	Population	Net General Bonded Debt Per Capita
2002	\$ 11,176,284	\$ 581,593	\$ 10,594,691	\$ 1,125,439,300	0.94%	13,763	769.80
2003	17,268,018	413,921	16,854,097	1,182,104,600	1.43%	13,763	1,224.59
2004	16,761,911	308,044	16,453,867	1,269,237,700	1.30%	13,763	1,195.51
2005	16,425,903	1,201,993	15,223,910	1,386,844,700	1.10%	13,763	1,106.15
2006	17,754,657	161,960	17,592,697	1,458,604,600	1.21%	13,763	1,278.26
2007	16,681,403	172,311	16,509,092	1,497,125,900	1.10%	13,763	1,199.53
2008	19,929,383	10,428	19,918,955	1,492,579,200	1.33%	13,763	1,447.28
2009	18,652,079	5,536	18,646,543	1,525,289,600	1.22%	13,763	1,354.83
2010	24,124,045	7,465	24,116,580	1,437,686,900	1.68%	13,162	1,832.29
2011	28,700,546	18,272	28,682,274	1,419,303,600	2.02%	13,162	2,179.17

VILLAGE OF SHOREWOOD

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

Year	Total Taxable Equalized Value	General Obligation Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Net Debt as a % of Limit
2002	\$ 1,125,439,300	\$ 56,271,965	\$ 11,176,284	\$ 45,095,681	19.86%
2003	1,182,104,600	59,105,230	17,268,018	41,837,212	29.22%
2004	1,269,237,700	63,461,885	16,761,911	46,699,974	26.41%
2005	1,386,844,700	69,342,235	16,425,903	52,916,332	23.69%
2006	1,458,604,600	72,930,230	17,754,657	55,175,573	24.34%
2007	1,497,125,900	74,856,295	16,681,403	58,174,892	22.28%
2008	1,492,579,200	74,628,960	19,929,383	54,699,577	26.70%
2009	1,525,289,600	76,264,480	18,652,079	57,612,401	24.46%
2010	1,437,686,900	71,884,345	24,124,045	47,760,300	33.56%
2011	1,419,303,600	70,965,180	28,700,546	42,264,634	40.44%

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

VILLAGE OF SHOREWOOD

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2011

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village of Shorewood	\$ 28,700,546	100%	\$ 28,700,546
Milwaukee Area Technical College	20,710,000	1.86%	385,206
Milwaukee County	882,590,360	2.27%	20,034,801
Shorewood School District	14,180,000	100%	14,180,000
Milwaukee Metropolitan Sewage District	949,568,146	2.32%	22,029,981
Total Overlapping	<u>1,867,048,506</u>		<u>56,629,988</u>
Total Direct and Overlapping Debt	<u>\$ 1,895,749,052</u>		<u>\$ 85,330,534</u>

Source: Prior year's Village Bond Issuance

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

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

VILLAGE OF SHOREWOOD

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last ten years

Year	Population	Adjusted Gross Income	Per Capita Adjusted Gross Income			Unemployment Rates	
			Village of Shorewood	Milwaukee County	State of Wisconsin	Milwaukee County	State of Wisconsin
2001	13,746	\$ -	\$ -	\$ -	\$ -	5.70%	4.80%
2002	13,724	-	-	-	-	6.10%	5.00%
2003	13,578	-	-	-	-	6.00%	4.90%
2004	13,535	-	-	-	-	5.30%	4.40%
2005	13,495	-	-	-	-	5.20%	4.50%
2006	13,470	-	-	-	-	5.00%	4.50%
2007	13,440	527,816,474	39,272	21,603	24,374	5.00%	4.30%
2008	13,425	541,988,068	40,372	21,233	24,329	6.50%	6.00%
2009	13,360	484,198,620	36,242	20,195	23,211	9.70%	8.80%
2010	13,350	500,840,658	37,516	20,486	24,218	8.10%	7.10%
2011	13,177	-	-	-	-	7.80%	6.60%

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

- (1) Data prior to 2007 is not available at this time.
- (2) Unemployment data specific to the Village of Shorewood is not available.
- (3) 2011 Adjusted Gross Income is not yet available.

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VILLAGE OF SHOREWOOD

PRINCIPAL EMPLOYERS
Nine Years Prior and Current Year

(continued)

Employer	Type of Business	2011		% of Total County Employment
		Number of Employees (1)	Rank	
School District of Shorewood	Education	300	1	0.04%
Village of Shorewood	Municipal government	104	2	0.01%
Walgreens	Retail/Pharmacy	40	3	0.00%
Bakers' Square	Restaurant	33	4	0.00%
Ladea Medical Aesthetics-Laser	Medical	25	5	0.00%
Shorewood Animal Hospital	Veternary Care	22	6	0.00%
Benji's Deli	Restaurant	20	7	0.00%
Lakeshore Mobil	Gas Station	15	8	0.00%
Goldi's	Boutique/Retail	12	9	0.00%
North Shore Bank FSB	Bank	10	10	0.00%
Total		581		0.07%
Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave.				814,100

Sources: (1) Prior year's Village Bond Issuance (2011 debt and 3/1/2002 debt issuance)

(2) Wisconsin Department of Workforce Development

(3) Information for the current year and nine years prior should be shown.

Not all years are available, the closest year to the ninth year back will be shown until a full ten years of history is compiled.

VILLAGE OF SHOREWOOD

PRINCIPAL EMPLOYERS
 Nine Years Prior and Current Year

(concluded)

Employer	Type of Business	2002		
		Number of Employees (1)	Rank	% of Total County Employment
School District of Shorewood	Education	375	1	0.08%
Shorewood Heights Health Care Center	Nursing Home	183	2	0.04%
Kohl's Oakland	Food Store	135	3	0.03%
Village of Shorewood	Municipal government	125	4	0.03%
North Shore Bank, FSB	Bank	110	5	0.02%

Total 928 0.20%

Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave. 856,900

Sources: (1) Prior year's Village Bond Issuance (2011 debt and 3/1/2002 debt issuance)

(2) Wisconsin Department of Workforce Development

(3) Information for the current year and nine years prior should be shown.

Not all years are available, the closest year to the ninth year back will be shown until a full ten years of history is compiled.

VILLAGE OF SHOREWOOD

VILLAGE EMPLOYEES BY FUNCTION / PROGRAM
For the years ended December 31, 2002 to 2011

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Village Employees										
General Government										
Village Manager	2.80	2.80	2.80	2.80	2.80	3.75	1.50	1.50	1.50	1.80
Customer Service	-	-	-	-	-	-	3.00	3.00	3.00	3.00
Finance	-	-	-	-	-	-	2.44	2.44	1.94	1.94
Clerk/Treasurer	4.50	4.50	4.50	4.77	4.86	4.86	1.50	1.50	2.00	2.00
Planning and Development	5.00	4.50	3.50	3.50	2.50	2.50	4.50	4.50	4.50	5.50
Municipal Court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public Safety - Police	33.50	34.00	34.00	32.50	32.00	32.00	32.00	32.00	32.00	31.90
Health	3.09	3.09	3.09	2.59	2.59	2.59	2.59	2.59	2.59	2.81
Public Works	23.65	23.60	23.60	22.53	22.49	22.49	22.39	22.39	22.39	22.39
Culture and Recreation										
Library	10.25	11.50	11.25	11.25	11.50	11.50	11.50	11.50	11.50	13.46
Senior Resource Center	-	1.00	0.75	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Total	<u>83.79</u>	<u>85.99</u>	<u>84.49</u>	<u>81.84</u>	<u>80.64</u>	<u>81.59</u>	<u>83.32</u>	<u>83.32</u>	<u>83.32</u>	<u>86.70</u>

Information from Village Budget documents

VILLAGE OF SHOREWOOD

CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
For the years ended December 31, 2002 to 2011

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	5	5	5	5	5	5	5	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (sq feet)	-	-	-	-	-	-	-	-	-	4,676,027
Streets (miles length)	-	-	-	-	-	-	-	-	-	28.04
Culture and recreation										
Number of parks	5	5	5	5	5	5	5	5	5	5
Acreage of parkland	63	63	63	63	63	63	63	63	63	63
Water, Sewer and Parking										
Feet of water main	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746
Number of hydrants	308	308	308	308	308	308	308	308	291	308
Municipal owned parking lots	5	5	5	5	5	5	5	5	5	5
Feet of sewer pipe	-	-	-	-	-	-	-	245,383	245,383	256,609

(1) A ten year trend should be shown. This is the first year, the municipality prepared a CAFR and thus not all information is available for all years. All available data has been included.

VILLAGE OF SHOREWOOD

OPERATING INDICATORS BY FUNCTION / PROGRAM
For the years ended December 31, 2002 to 2011

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Building Permits Issued	485	410	488	557	690	656	677	655	682	644
Valuation of Building Permits	\$ 9,312,869	\$ 11,493,558	\$ 6,904,580	\$ 8,735,548	\$ 14,125,384	\$ 18,795,188	\$ 9,100,000	\$ 14,000,000	\$ 9,034,033	\$ 13,500,596
Public Safety - Police										
Homicides	-	1	-	-	-	-	-	-	-	-
Forcible Rape	4	2	1	4	1	1	4	4	3	1
Robbery	11	11	15	16	17	15	9	5	9	3
Assault	14	9	14	16	19	22	25	16	23	18
Total Crimes against Persons	29	23	30	36	37	38	38	25	35	22
Burglary	41	37	72	36	50	50	53	43	31	19
Theft	360	298	297	313	308	350	358	405	363	309
Motor Vehicle Thefts	6	9	7	17	20	20	16	14	8	7
Total Crimes Against Property	407	344	376	366	378	420	427	462	402	335
Total Crimes Reported	436	367	406	402	415	458	465	487	437	357
DPW										
Tons of Refuse	-	-	-	-	-	-	-	-	-	2,721
Tons of Recycling	-	-	-	-	-	-	-	-	-	149
Library										
Visitors to the library	116,376	274,456	259,006	240,146	239,433	229,444	233,294	248,358	209,689	185,258
Items checked out	181,328	312,673	326,304	319,525	313,757	313,007	319,797	364,285	361,381	359,768
Registered borrowers	9,912	10,044	10,306	10,242	11,000	11,607	12,020	9,323	9,197	9,083
Program attendance (3)	320	3,377	4,259	4,085	3,627	3,593	5,859	7,687	9,139	7,314
Reference questions	12,162	18,727	21,783	20,579	17,511	17,285	16,236	17,384	20,632	19,841
Items added	3,921	8,105	7,197	7,618	6,943	11,121	7,443	6,741	6,697	8,134
Items owned	47,719	54,960	60,796	66,629	71,640	76,549	81,537	81,503	81,966	85,076
Computer users	-	-	-	-	44,004	44,747	45,329	46,142	48,473	46,924
Wireless stations	-	-	-	-	1,324	1,736	1,817	3,924	4,932	4,376
Water Utility										
Meters in service	3,504	3,508	3,507	3,544	3,544	3,541	3,538	3,538	3,538	3,535
Gallons sold	412,591	408,135	392,693	397,316	368,425	377,109	364,543	405,882	341,764	356,767

(1) A ten year trend should be shown. This is the first year, the municipality prepared a CAFR and thus not all information is available for all years. All available data has been included.

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

(3) In 2011 the program attendance count no longer includes senior center programming