

**VILLAGE OF SHOREWOOD,
WISCONSIN**

Comprehensive Annual Financial Report

**For the Fiscal Year Ended
December 31, 2012**

VILLAGE OF SHOREWOOD
Shorewood, Wisconsin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Including Independent Auditors' Report

As of and For the Year Ended

December 31, 2012

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 5, 2013

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, 2012, is herein submitted.

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

Sikich LLP have issued an unqualified ("clean") opinion on the Village of Shorewood's financial statements for the year ended December 31, 2012. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

COMMUNITY PROFILE

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

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

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

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

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

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

LOCAL ECONOMY

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

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

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

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

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

LONG RANGE PLANNING AND FINANCIAL POLICIES

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

One of the major components of our planning initiatives is to assure infrastructure maintenance is a priority. Annually, the Village Board reviews the long range Financial Management Plan which looks forward to 2022. This plan focuses on significant capital needs, on-going capital maintenance requirements, and projects future annual operating budgets, potential property values, tax levy needs, debt service levels and future budget gaps. The Village's overall budget process begins with a look at this plan and how we stand in relation to our financial targets.

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Shorewood for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2011. This was the first year that the government has achieved this prestigious award in recent years. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The Village also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the year beginning January 1, 2012. To qualify for the Distinguished Budget Presentation Award, the Village's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,



M. Chris Swartz
Village Manager



Stephanie M. Walker, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Village of Shorewood
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



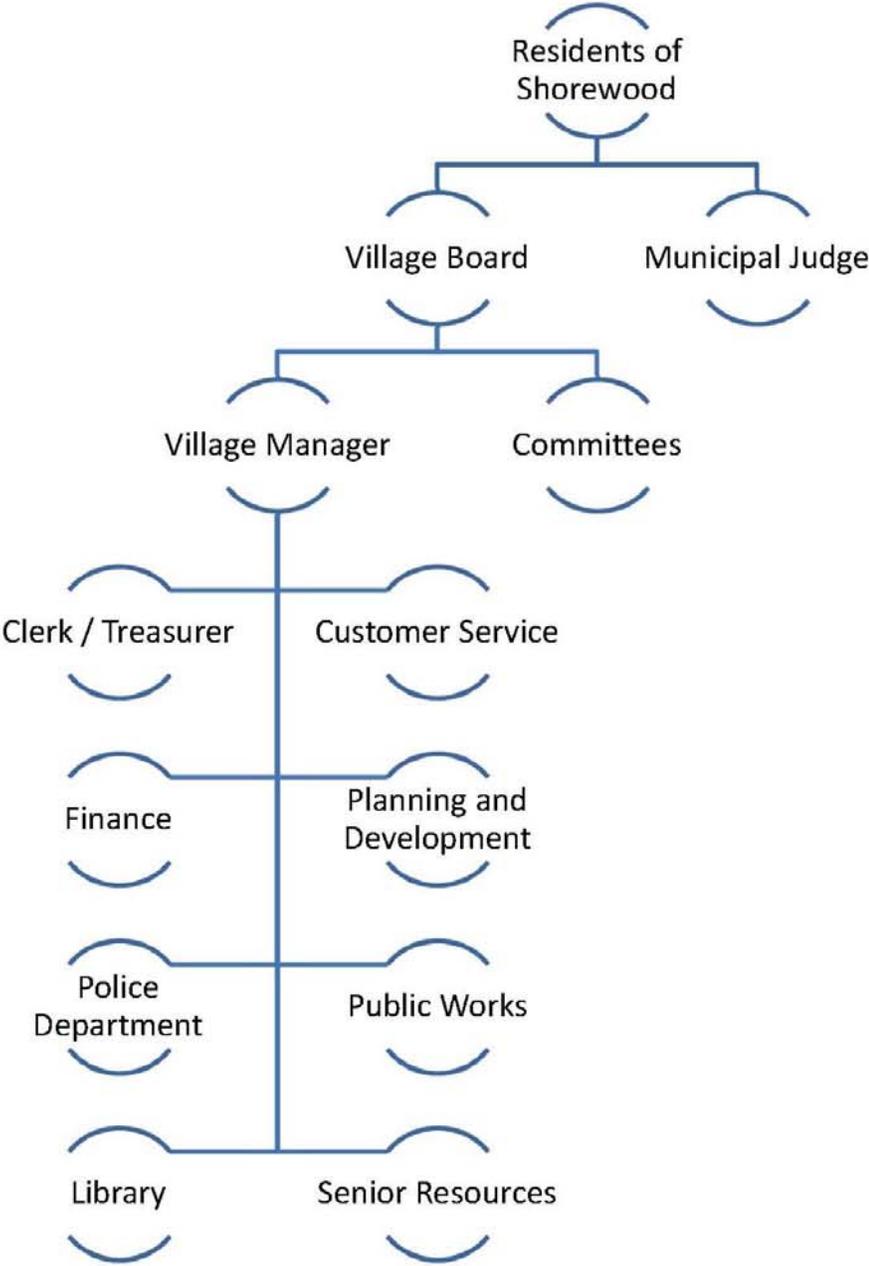
Linda C. Davison

President

Jeffrey R. Emer

Executive 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
Paul Wasemiller	Assistant Director of Public Works
Stephanie M. Walker, CPA	Finance Director

FINANCIAL
SECTION



1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Shorewood (the Village), as of and for the year ended December 31, 2012, which collectively comprise the Village's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village, as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Village adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended December 31, 2012. Statement No. 63 added new classifications on the statements of net position and changed net assets to net position. Statement No. 65 changed the classifications of certain items on the statement of net position to the new classifications contained in GASB Statement No 63. The adoption of this statement had no effect on any of the Village's net positions or fund balances as of and for the year ended December 31, 2012, except as disclosed in note IV-F.

Other Matters

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally 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's financial statements as a whole. The introductory section, supplementary information and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information is the responsibility of management and were derived from and relate 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 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 financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Naperville, Illinois
April 5, 2013





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, 2012
(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 2012 were:

- Village-wide capital assets, net of accumulated depreciation, increased by \$6.9 million. The Village completed three substantial sanitary sewer, storm sewer, water and road projects in 2012, called Downer Avenue and Basin 1 and Basin 6 projects.
- The Village's issued \$17.6 million in new debt during 2012. Of the total issued, \$9.5 was issued as part of a development agreement. The other \$8.1 million was issued to finance sewer, water and road projects. Approximately \$7.4 million of this issue was unspent at year end. The Village made its scheduled debt repayments of \$1.9 million.
- The changes in these two components combined to cause a decrease in the Village's net investment in capital assets of \$610,090. As the Village's total change in net position was relatively minor, \$31,831, the unrestricted net position increased by \$648,011 as in 2012.
- During 2011 the Village's contracted assessor made an error in reporting tax incremental district property values to the state. This resulted in the Village's TID levy being overstated for 2012. This increase is corrected in the following year by decreasing the TID levy by double that amount. For 2012, this resulted in the Village's TID No. 1 tax increment being substantially higher than in past years. In order to avoid having tax payers experience a significant tax increase, followed by a large decrease, the Village decreased our General Fund tax levy by \$1,460,298 so the net effect to the taxpayer in 2012 was zero. The Village will then increase the 2013 levy by twice that amount, again netting out with the change in the TID levy, so that residents are not impacted. This decrease to the 2012 tax revenues, results in a decrease to the Village's General Fund, fund balance, which will be restored in 2013.

- The Village's General Fund, fund balance decreased \$1,179,055, due to the adjustment for the assessment error. The Village would have added \$281,243 to fund balance, excluding the effect of the error. Unassigned fund balance of the General Fund remained at a healthy 34% of current year revenues, or 29% of 2011 revenues.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Village of Shorewood's basic financial statements. The Village of Shorewood's basic financial statements are comprised of three components: 1) government-wide financial 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 Position and the Statement of Activities (pages 27 - 29).

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

STATEMENT OF NET POSITION

The following table summarizes the Village's Statements of Net Position from 2012 and 2011.

	Governmental activities		Business-type activities		Total	
	2011		2011		2011	
	2012	Restated	2012	Restated	2012	Restated
Current and other assets	\$ 30,989,468	\$ 22,472,808	\$ 466,577	\$ 703,009	\$ 31,456,045	\$ 23,175,817
Capital assets	25,441,242	23,877,573	16,928,690	11,559,798	42,369,932	35,437,371
Total assets	<u>56,430,710</u>	<u>46,350,381</u>	<u>17,395,267</u>	<u>12,262,807</u>	<u>73,825,977</u>	<u>58,613,188</u>
Deferred outflows	40,035	48,042	-	-	40,035	48,042
Long-term debt	36,690,192	26,043,869	9,573,513	4,417,430	46,263,705	30,461,299
Other liabilities	1,056,052	1,628,733	501,544	494,381	1,557,596	2,123,114
Total liabilities	<u>37,746,244</u>	<u>27,672,602</u>	<u>10,075,057</u>	<u>4,911,811</u>	<u>47,821,301</u>	<u>32,584,413</u>
Deferred inflows	12,061,130	12,125,067	-	-	12,061,130	12,125,067
Net investment in capital assets	13,704,213	12,974,671	8,271,762	7,843,415	20,207,996	20,818,086
Restricted	29,223	35,313	-	-	29,223	35,313
Unrestricted (deficit)	(7,070,065)	(6,409,230)	(951,552)	(492,419)	(6,253,638)	(6,901,649)
Total net position	<u>\$ 6,663,371</u>	<u>\$ 6,600,754</u>	<u>\$ 7,320,210</u>	<u>\$ 7,350,996</u>	<u>\$ 13,983,581</u>	<u>\$ 13,951,750</u>

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

Governmental Activities – Statement of Net Position

Current and other assets for governmental activities primarily represent cash, investments, taxes receivable, prepaid items, internal balances and loans receivable. Total current and other assets increased by \$8.5 million. This increase was due to unspent bond proceeds of just under \$7.0 million and an increase in loans receivable, issued from bond proceeds of \$2.2 million. These asset increases were offset by a decrease in prepaids as the Village made its \$508,000 quarterly North Shore Fire Department payment on January 1, 2013 instead of in December as done in 2011.

Deferred outflows are related to the loss on an advanced refunding done in 2011, which will be amortized 2017.

Other liabilities include accounts payable and accrued payroll and the related liabilities. These decreased \$572,000 from the previous year. The 2011 balance included four months of billing to our refuse processing company due to billing disputes. The 2011 balance also include significant payables related to capital projects which were completed in 2012.

Deferred inflows represent unearned revenue for taxes levied in December, 2012. These taxes represent revenue for the 2013 fiscal year and accordingly are not considered to be revenue in 2012. There was no significant change to those balances.

The net investment in capital assets represents the Village's equity in its capital assets which was 53.8% 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 relatively similar to 2011 which was 54.3%.

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

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

Business-type Activities – Statement of Net Position

Business-type activities current and other assets consist mainly of cash, accounts receivable and internal balances. These assets decreased by \$236,000. This decrease was a decrease in utility bill receivables of \$133,100 as 2011 included a large grant receivable that was not owed in 2012. The rest of the decrease was due to an increase in the amounts owed to governmental activities by the water utility. The utility completed a rate increase during 2012 that should result in a decrease in the amount owed to governmental activities in future years. This increase went into effect in the third quarter of 2012.

Other liabilities are similar to those found within the governmental activities and include accounts payable and accrued payroll liabilities. There was no significant change in these amounts year over year.

Net investment in capital assets, net of related debt represents the Village's equity in its capital assets. At year end the Village's business-type activities owned 48.8% of the capital assets free of debt. The remaining 51.2% still have debt associated with them. This percentage decreased from 2011's percentage of 67.8%. This change occurred because the Village completed substantial asset additions during the year, but these additions were all financed with debt. Since the debt will be repaid faster than the assets will depreciate, this percentage would improve over time, but any improvement would be offset by new assets which are purchased with new debt.

STATEMENT OF ACTIVITIES

The Statement of Activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The table below summarizes the Statements of Activities for 2012 and 2011.

The business-type activities reported a \$300,000 special item for a grant given by the parking utility to a developer as part of a development agreement for the creation of a parking structure. Explanations for other significant increases and decreases from the prior year are given following the table.

	Governmental activities		Business-type activities		Total	
	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
Revenues						
Program revenues						
Charges for services	\$ 1,319,962	\$ 1,348,829	\$ 3,286,396	\$ 2,900,918	\$ 4,606,358	\$ 4,249,747
Operating grants & contributions	1,025,336	1,148,211	-	-	1,025,336	1,148,211
Capital grants & contributions	200,913	1,009,052	275,000	1,580,988	475,913	2,590,040
General revenues						
Property taxes	12,122,900	11,526,622	-	-	12,122,900	11,526,622
Other revenues	1,011,078	1,012,778	66,221	170,498	1,077,299	1,183,276
Total revenues	<u>15,680,189</u>	<u>16,045,492</u>	<u>3,627,617</u>	<u>4,652,404</u>	<u>19,307,806</u>	<u>20,697,896</u>
Expenses						
General government	1,305,008	1,226,217	-	-	1,305,008	1,226,217
Public safety	6,988,644	6,855,057	-	-	6,988,644	6,855,057
Public works	3,422,047	4,146,710	-	-	3,422,047	4,146,710
Health and social services	299,287	518,655	-	-	299,287	518,655
Culture & recreation	1,283,662	1,556,734	-	-	1,283,662	1,556,734
Conservation & development	1,110,846	2,235,112	-	-	1,110,846	2,235,112
Interest on long-term debt	1,367,838	979,619	-	-	1,367,838	979,619
Parking	-	-	184,432	214,358	184,432	214,358
Water	-	-	1,390,015	1,295,569	1,390,015	1,295,569
Sewer	-	-	1,624,196	1,700,433	1,624,196	1,700,433
Total expenses	<u>15,777,332</u>	<u>17,518,104</u>	<u>3,198,643</u>	<u>3,210,360</u>	<u>18,975,975</u>	<u>20,728,464</u>
Change in Net Position Before						
Special Item and Transfers	(97,143)	(1,472,612)	428,974	1,442,044	331,831	(30,568)
Special item	-	-	(300,000)	-	(300,000)	-
Transfers	159,760	(1,126,517)	(159,760)	1,126,517	-	-
Total Change in Net Position	<u>62,617</u>	<u>(2,599,129)</u>	<u>(30,786)</u>	<u>2,568,561</u>	<u>31,831</u>	<u>(30,568)</u>
Net position, Jan 1 (restated)	6,600,754	9,199,883	7,350,996	4,782,435	13,951,750	13,982,318
Net position, Dec 31	<u>\$ 6,663,371</u>	<u>\$ 6,600,754</u>	<u>\$ 7,320,210</u>	<u>\$ 7,350,996</u>	<u>\$ 13,983,581</u>	<u>\$ 13,951,750</u>

Significant Changes in Governmental Activities

Overall, the Village's governmental activities broke even in 2012, adding a slight amount to net position of \$62,617, whereas the Village decreased net position by \$2.6 million in 2011. The change in net position is due to individual revenue and expense changes which are addressed below.

Governmental Activities – Revenues

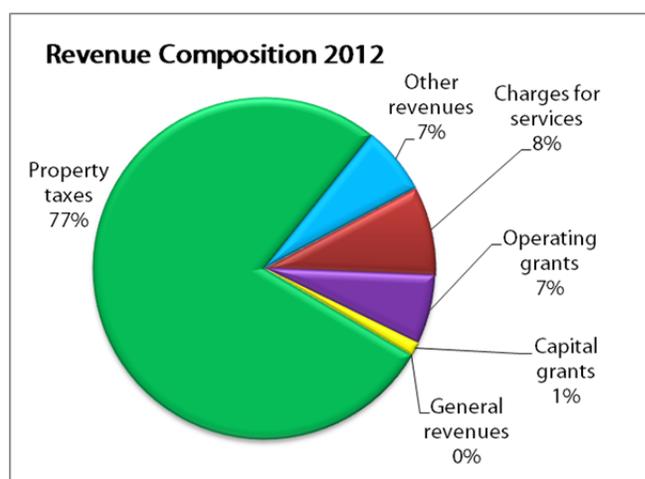
Program revenues are those revenues that can be directly related to a particular activity, whereas general revenues represent revenues that are not directly related to one specific function. Charges for services are primarily made up of licenses, permits, fees for service and fines. The Village's main operating grants are State resources received for highway maintenance and recycling programs. Capital grants fluctuate annually and are received to assist the Village with capital asset purchases. The table below compares governmental activities' revenues for 2012 and 2011 and significant changes are discussed below the table.

Governmental activities				
	2011			
Revenues	2012	Restated	Chg	% chg
Program reveues				
Charges for services	\$ 1,319,962	\$ 1,348,829	\$ (28,867)	-2.1%
Operating grants	1,025,336	1,148,211	(122,875)	-10.7%
Capital grants	200,913	1,009,052	(808,139)	-80.1%
General revenues				
Property taxes	12,122,900	11,526,622	596,278	5.2%
Other revenues	1,011,078	1,012,778	(1,700)	-0.2%
Total revenues	\$ 15,680,189	\$ 16,045,492	\$ (365,303)	-2.3%

Operating grants and contributions decreased from 2011. This decrease was in the health function. In 2011 the Village provided health services for our residents and Whitefish Bay's residents and received health grants from the State of Wisconsin for certain health programs. In 2012, both the Village of Shorewood and Whitefish Bay joined the North Shore Health Department. The State funding for these programs likewise, is now provided to the North Shore Health Department. This decrease in operating contributions was offset by funding received from a developer towards Village interest payments. These payments were received as part of a development agreement and will continue through 2028. Other operating grants and contributions remained relatively stable from 2011.

Capital grants and contributions fluctuate annual depending on the capital projects and are typically non-recurring revenues. In 2012 these revenues consisted of revenues for shared capital asset purchases, contribution of one half of the costs of a new alley by a developer and a State grant through the Local Road Improvement Program, which is a bi-annual program. The 2011 capital grants were received for: reimbursement of capital spending for the rebuilding of a bluff which had been destabilized during the 2010 flooding; special assessment revenue for the Village's bi-annual sidewalk program, and contributions from the State towards street lights and signals replaced as part of the Capitol Drive road project. Capitol Drive is a State owned highway.

Property tax revenue increased from 2011 by just under \$600,000. The Village's TID tax levy increased by \$1,878,391, this levy is based on the tax levy of all overlying taxing units. The taxes for that fund are determined based on increases in reported value within the TID combined with any property tax increased by all taxing units. Due to the assessment error which overstated the TID values for this year, this levy was substantially higher than in past years. The General Fund tax levy decreased by \$1,301,578, of which \$1,460,298 was related to the assessment error which offset a \$158,720 increase in the levy for general operations.



As identified above and on the chart to the right, property taxes are the largest revenue sources for governmental activities. Property taxes account for approximately 77% of total governmental activities revenues in 2012. In 2011 they made up 70% of total revenues. This change was due to the significant capital contributions in 2011 which were not received in 2012.

Governmental Activities – Expenses

Governmental activities expenses are broken down into various functions. General government includes costs such as village board, municipal court, management, clerk/treasurer, customer service, finance, elections, village attorney and marketing. Costs associated with the Village’s police department, planning and building inspection, and contributions for fire and dispatch services are shown within the public safety function. The public works function includes expenses for street and sidewalk maintenance, winter and forestry operations, refuse, recycling and yard waste, as well as building maintenance. Health and social services include expenses incurred for providing health programs to the general public such as restaurant licensing, immunizations and health clinics as well as senior programming. Culture and recreation expenses include the costs of park maintenance, special events and library services. Conservation and development expenses include economic development activities within the Village’s tax incremental financing districts. The table below compares 2012 and 2011 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			
	2012	2011 Restated	Chg	% chg
General government	1,305,008	1,226,217	\$ 78,791	6.4%
Public safety	6,988,644	6,855,057	133,587	1.9%
Public works	3,422,047	4,146,710	(724,663)	-17.5%
Health and social services	299,287	518,655	(219,368)	-42.3%
Culture & recreation	1,283,662	1,556,734	(273,072)	-17.5%
Conservation & development	1,110,846	2,235,112	(1,124,266)	-50.3%
Interest on long-term debt	1,367,838	979,619	388,219	39.6%
Total Expenses	<u>\$ 15,777,332</u>	<u>\$ 17,518,104</u>	<u>\$ (1,740,772)</u>	<u>-9.9%</u>

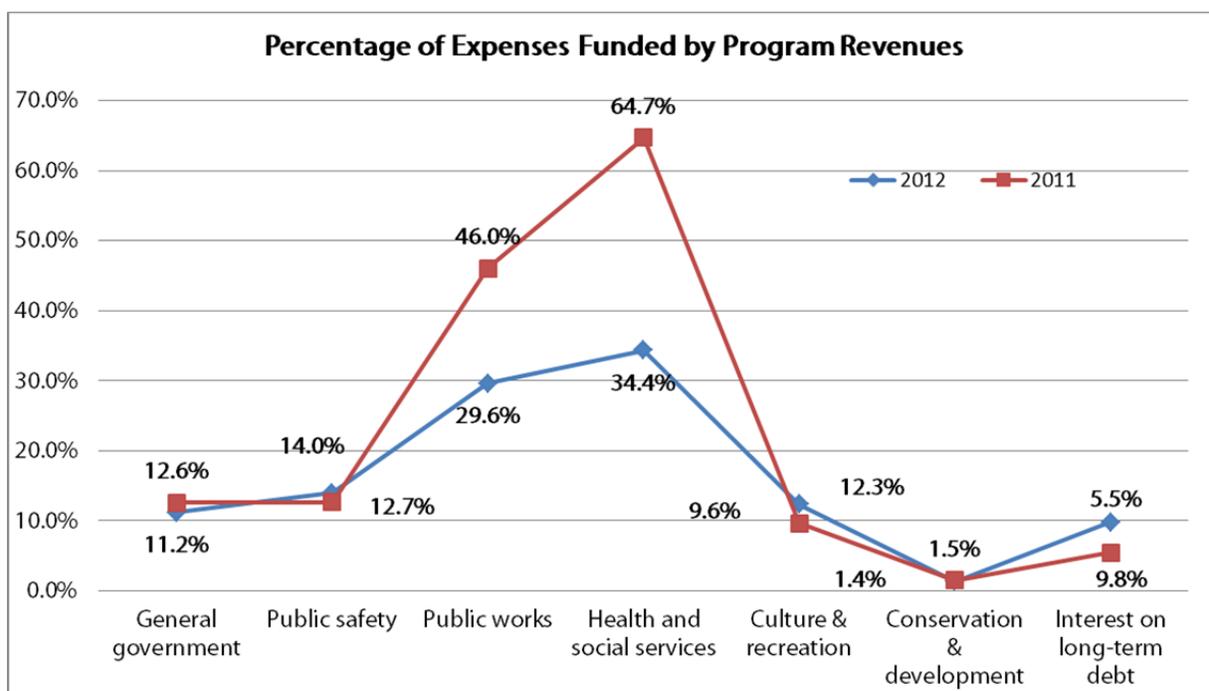
The public works function of expenses decreased 17.5%. The majority of this change was because 2011 expenses included one-time expenses for bluff restoration \$395,000, sidewalks \$297,000 and Capitol Drive \$295,000 which were not repeated in 2012. These decreases were offset by the loss on disposal of capital assets of \$235,000 which primarily related to roads which were replaced but not fully depreciated at year end.

The Village no longer provides health services for Shorewood and Whitefish Bay. The 2012 expenses for health reflect only the Village of Shorewood’s expenses which are paid to the North Shore Health Department who now provides health services for both communities.

2011 culture and recreation expenses included \$225,000 and \$116,250 in expenses for the Shorewood School District’s athletic fields which was a non-recurring expense.

In 2011 the Village sold land previously held for resale at a loss of \$987,000. This was done as part of a development agreement to build the Ravenna project, a mixed use building in the Village’s TID No. 1. This loss was shown in the conservation and development function and was the main reason for the decrease in expenses within this function. Additionally, in 2011 the Village contributed \$310,000 for the small façade program to the BID and contributed \$260,000 towards two large façades, which were not done in 2012. These program decreases were offset by a \$600,000 contribution towards a parking structure in 2012.

As mentioned within the revenues section, program revenues are revenues intended to pay for a certain activity or function. The graph below illustrates how much of each function's expenses are funded by program revenues. All expenses not funded through program revenues are financed with general revenues, primarily property tax levy. The health and social services function was 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. This changed substantially in 2012 as the Village consolidated its health department with North Shore Health Department. Public works function percentage changed substantially in 2012 due to the reasons discussed above in the revenue section, mainly due to fewer capital contributions.



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			
	2012	2011	Chg	% Chg
Program revenues				
Parking	\$ 214,015	\$ 213,444	\$ 571	0.3%
Water	1,387,793	1,198,957	188,836	15.8%
Sewer	1,684,588	1,488,517	196,071	13.2%
Charges for services	3,286,396	2,900,918	385,478	13.3%
Other revenues	341,221	1,751,486	(1,410,265)	-80.5%
Total revenues	<u>\$ 3,627,617</u>	<u>\$ 4,652,404</u>	<u>\$ (1,024,787)</u>	<u>-22.0%</u>

Water Utility charges for services increased due to a water rate increase of 29% that was put into place with the 2012 third quarter billing. Sewer Utility revenues increased as the Village completed a 26% rate increase in third quarter of 2011. This rate increase was realized for the entire 2012 year, as compared to only half of the year in 2011. Water consumption which is used for both water and sewer charges increase 3% in 2012 over 2011. Program revenues in the Sewer Utility also include a \$

Other revenues largely represent investment income and capital contribution for utility infrastructure. 2011 other revenues included \$1.6 million in capital contributions from the State for assets contributed as part of the Capitol Drive project which was completed in 2011. This contribution was offset by \$275,000 contribution received in 2012 towards sanitary sewer construction completed in 2012.

Business-type Activities – Expenses

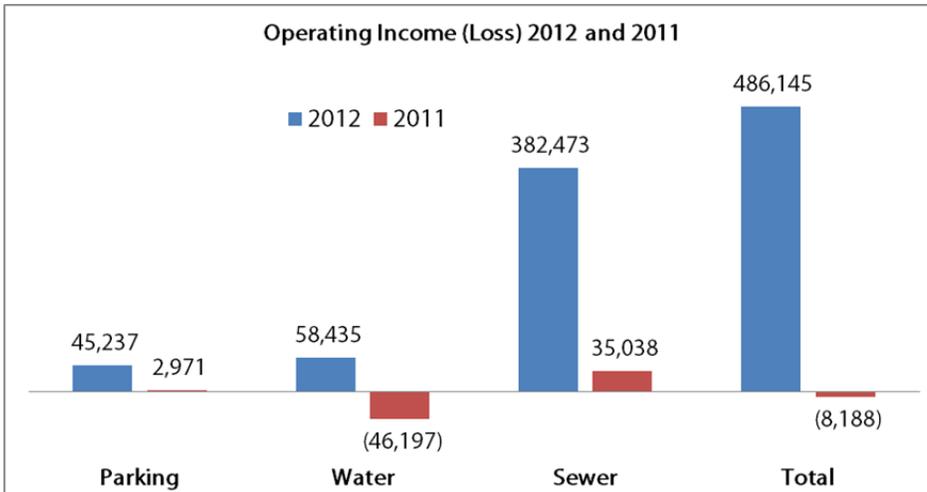
The table below compares the Village’s business-type activities’ expenses from 2012 to 2011.

Expenses	Business-type activities			
	2012	2011 Restated	Chg	% Chg
Parking	184,432	214,358	\$ (29,926)	-14.0%
Water	1,390,015	1,295,569	94,446	7.3%
Sewer	1,624,196	1,700,433	(76,237)	-4.5%
Total expenses	<u>\$ 3,198,643</u>	<u>\$ 3,210,360</u>	<u>\$ (11,717)</u>	<u>-0.4%</u>

Parking Utility expenses decreased as 2011 costs included \$28,800 in expenses for new parking signage.

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 \$31,000 higher in 2012 than in 2011 in part because this increase was in effect for the whole year, and in part because consumption increased slightly. Depreciation also increased \$15,000 over the previous year due to the substantial number of additions completed in 2011 and 2012. Other increases in Water Utility costs include an increase in interest expense of \$11,000 and debt issuance costs of \$8,400. The combination of these smaller increases contributed to the overall \$94,446 increase shown above.

Business-type activities increased the Village of Shorewood’s net position by \$2,601,375 in 2011 compared to a decreased of \$30,786 in 2012. As much of the addition to net position in 2011 is related to capital contributions from the Capitol Drive, and Atwater Bluff project, comparing total change in net position between years is not overly useful. The reasons for individual changes in revenues and expenses are described above. Instead it may be more useful to compare the operating income and losses for each segment between the two years. The graph below summarizes operating results. The rate increases completed in the water utility during 2012, in the sewer utility in 2010 and 2011 have helped both utilities show positive operating results this year. Due to the substantial amount of capital infrastructure additions that the Sewer Utility is undertaking, larger operating income is necessary to cover the costs of borrowing for capital projects.



FUND FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The basic governmental fund financial statements can be found on pages 30 – 34 of this report.

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

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

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

GOVERNMENTAL FUNDS – FUND BALANCE

As of December 31, 2012, the Village's governmental funds reported combined ending fund balance of \$18.2 million an increase of \$9.6 million from the previous year. Fifteen (15.6%) percent of the Village's total fund balance is unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending as it has already been committed for prepaid items, non-current receivables or other purposes. This increase is mainly due to debt proceeds which are considered revenue within the governmental fund financial statements. The Village had \$7.0 million in debt proceeds which had not been expended during 2012.

The General Fund is the chief operating fund of the Village. At year end, total fund balance in the General Fund was \$4,454,758 of which \$3,002,031 was unassigned. The General Fund unassigned fund balance represents 29.3% of total General Fund revenues. This was a decrease of \$872,268 from a total unassigned fund balance of \$3,874,299 or 37.8% in 2011. Unassigned fund balance can be thought of as the residual fund balance category within the General Fund. This category of fund balance decreased as the Village decreased the property tax levy within the General Fund due to the assessment error previously discussed. The General Fund's overall fund balance decreased in 2012 by \$1,179,055.

The General Capital Projects Fund had an increase in fund balance of \$618,408. In 2012 the Village borrowed for the completion of the 2012 road program as well as for the engineering for the 2014 road program and for sanitary sewer lateral rehabilitation. The engineering costs and sanitary sewer lateral replacement will not be done until 2013. The debt service on the sewer lateral rehab is being funded with tax levy rather than with sewer user fees as the laterals are owned by property owners, not the Village. One of the main problems with the sewer infrastructure is that many laterals are not well maintained. This allows rainwater to enter the sanitary sewer system which can lead to sanitary sewer backups during severe storms, as the Village experienced in 2010. One way the Village is working to increase the efficiency of the sanitary sewer is to fix the laterals, decreasing the amount of stormwater that enters the sanitary system. The total unspent bond proceeds in the Capital Projects Fund was \$1.3 million. These proceeds, when offset with the spending of 2011 bond proceeds of \$540,000 on the completion of the Downer Avenue project and for contributions towards a new dispatch center caused the increase in fund balance within this fund.

TID No. 1's fund balance increased in 2012, by \$2.27 million, of which \$1.87 million was due to the increase in tax increment, due to the assessment error and \$215,000 of unspent bond proceeds related to the Lighthouse project. Project costs for the Lighthouse project are primarily within TID No. 4, however some of the parking structure costs and improvements to a neighboring business are eligible costs within TID No. 1.

TID No. 4's fund balance increased \$7.9 million, due to the debt issuance completed in 2012. TID No.4 was established in 2011. In 2012 \$8.16 million in new debt was issued to provide funding for a loan and grant for the Lighthouse project. TID No. 4 was established as a three parcel TID as an overlay district taken from TID No. 1's boundaries. The debt issuance also reimbursed previously expended consulting and legal fees for the establishment of the TID. Unspent bond proceeds of \$5.45 million and loans receivable of \$2.17 million comprise the ending fund balance in TID No. 4 of \$7.6 million.

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 87 - 88 of this report. There were no budget amendments completed during the year.

Overall the General Fund actual results exceeded the budget for revenues and expenditures. The budget for other financing sources included a budget for the issuance of long term debt of \$1,460,298. This amount is the amount the Village decreased our tax levy by for the assessment error. When the budget was prepared, the Village planned to complete a one year borrowing for the amount the General Fund levy was decreased. During 2012, it was decided to use funds on hand to finance this temporary loss rather than issuing debt and incurring interest costs. The overall change in fund balance in the General Fund was different from budget by this amount. Other significant changes between budget and actual results are addressed below:

Revenues and Other Financing Sources

- Licenses and permits exceeded budget by \$111,083. This is mainly due to building permits exceeded budget by \$67,000 due to permits received for the Lighthouse project.
- Transfers in for the General fund include payments in lieu of taxes from the water, sewer and parking utilities, and a transfer from the library. Transfers in exceeded budget by \$65,000. \$23,000 was due to higher than expected payments in lieu of taxes. These payments are based on capital asset balances and the tax rate. The payments were higher as the capital asset balances increased substantially. During 2012, it was agreed that any salary and benefit savings compared to budget within the Library Fund would be returned to the General Fund. This transfer is done rather than charging any administrative costs to the Library. This transfer was budgeted at \$6,600. The actual salary and fringe savings was \$29,135 due to position vacancies during the year. The General Fund also received an unbudgeted transfer from the health special funds to close the fund \$14,800.
- Overall actual revenues and transfers in exceeded budget by \$111,962.

Expenditures and Other Financing Uses

- The Police department returned \$164,918 due mainly to salary and benefit savings from position vacancies. The department was short one officer for the whole year and due to the timing of promotions and replacements was also short one sworn for another two months. Also, one third of an officer's pay is charged to the parking utility for their time enforcing parking regulations in lots. This was budgeted as revenue, but in the Village's actual results, is a decrease to expenditures in the police department of \$28,500.
- Fire and other public safety was over budget by approximately \$67,000. This change was in part due to additional payment made toward dispatching services. During 2012, the three community dispatch group the Village participates in became part of a larger consortium of seven communities who all receive dispatch services from the Village of Bayside. There were additional costs incurred for sick time, overtime and training during the transition which had not been budgeted. Some of this increase was offset by a decrease in the amount paid for public safety pension costs for employees who retired when the Village consolidated its fire department many years ago. This pension cost was \$25,000 under budget due to some pensioners passing away.
- Public works was under budget by approximately \$121,000 for several reasons. First, the department was under budget for fuel purchase by \$31,000. Some of this savings was due to the mild winter, which lowered gas usage (and overtime costs). Additionally the Village now receives a credit for sales tax on gas which our previous vendor did allow. The Village's salt expenditures were \$11,000 under budget due to the mild winter. Salaries within the winter operations department were under budget by \$43,000.

- During 2011 it was discovered that the Village's refuse and recycling company was incorrectly categorizing some tonnage collected as refuse instead of recycling. The per ton cost of refuse is much higher than the recycling cost. The Village was able to obtain a credit for past years' incorrect billings. In addition to the credit, the current years' bills properly categorized these tonnages, which resulted in reduced costs. The total savings compared to budget for the disposal contracts for refuse and recycling related to this was \$51,000.
- Some of the savings in salaries within the public works department due to the mild winter are savings in overtime costs. However, in some cases this time is just reallocated to other functions as the staff within the department spent time on other projects. Forestry was over budget in 2012 by \$34,000 because staff was able to spend more time pruning instead of plowing streets.
- Overall expenditures and transfers out came in \$285,000 better than the 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 36 - 39 of this report.

The net position of the Parking, Water, and Sewer Utilities at the end of the year were \$518,257, \$1,220,806 and \$5,581,147, respectively. The total net position of the Water and Sewer Utilities are much higher than the Parking Utility as those Utilities are capital intensive. This means more of their net position is included in the category net investment in capital assets. Unrestricted net position for the Parking, Water, and Sewer Utilities were \$289,635, deficit (\$623,716), and deficit (\$612,693). The unrestricted net position for the Parking Utility and Sewer Utilities remained relatively similar from 2011. The Water Utility's unrestricted net position decreased by \$205,000 as more resources were deployed towards capital assets. As previously mentioned the Water Utility completed a rate increase in third quarter of 2012. The Sewer Utility completed a rate increase effective for the second quarter billing in 2013. Other factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

FIDUCIARY FUNDS

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

The fiduciary fund financial statement can be found on page 40 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 2011 to illustrate the changes in net position for the component unit. The CDA did not have any net position or financial transactions during the year. Therefore no amounts have been presented for this component unit.

The BID had a decrease in net position of \$101,000 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. Many of these funds were distributed during 2012, resulting in the decrease in net position. The BID is financed through special assessments on individual business owners, which are collected by the Village through the tax collection process and turned over to the District. The annual property tax amounts have remained relatively constant. The BID uses the accrual basis of accounting, and statements are audited by an independent certified public accounting firm on an annual basis.

Statement of Net Position	BID		Statement of Activities	BID	
	2012	2011		2012	2011
Cash	\$ 29,065	\$ 40,497	Revenues		
Other assets	82,571	170,202	Program revenues		
Total assets	111,636	210,699	Charges for services	\$ 14,238	\$ 21,013
Accounts payable	6,186	4,124	Operating Grants	25,000	335,000
Restricted net position - façade	47,879	168,552	General revenues		
Unrestricted net position	57,571	38,023	Property taxes	108,815	104,005
Total net position	\$ 105,450	\$ 206,575	Other general revenues	997	1,426
			Total revenues	149,050	461,444
			Expenses	250,175	335,323
			Change in Net Position	(101,125)	126,121
			Net Position Jan 1	206,575	80,454
			Net Position Dec 31	\$ 105,450	\$ 206,575

Combined financial information is presented as a discrete column in the statement of net position and statement of activities on pages 28 - 29 of this report. The CDA did not have any net position or financial transactions during the year. Therefore no amounts have been presented for this component unit. Additional information for BID can be found on page 78 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 - 86 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 2012 and 2011 is summarized below.

Description	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
Land and right of way	\$ 4,457,690	\$ 4,457,690	\$ 233,345	\$ 233,345
Artwork	330,000	330,000	-	-
Construction in progress (CIP)	32,052	65,637	144,738	510,132
Machinery and equipment	3,830,600	3,724,856	970,218	888,018
Intangibles	58,705	-	-	-
Building and improvements	8,471,968	8,372,991	-	-
Infrastructure	26,282,147	25,602,433	19,228,120	13,625,253
Total Capital Assets	<u>43,463,162</u>	<u>42,553,607</u>	<u>20,576,421</u>	<u>15,256,748</u>
Less accumulated depreciation	<u>(18,021,920)</u>	<u>(18,676,034)</u>	<u>(3,647,731)</u>	<u>(3,696,950)</u>
Capital assets, net of depreciation	<u>\$ 25,441,242</u>	<u>\$ 23,877,573</u>	<u>\$ 16,928,690</u>	<u>\$ 11,559,798</u>

Significant projects undertaken during the year include the following:

- In 2012 the Village completed three substantial infrastructure projects: Downer Avenue, Basin 1, and Basin 6. These projects combined resulted in a replacement of approximately 13% of the Village's roads.
- The Downer Avenue project included full road reconstruction and utility replacement. This project was started in 2011 and most of the road portion (\$1.2 million) was capitalized in 2011. The 2012 project costs of \$355,000 were primarily related to roads.
- The Basin 1 project was primarily a Sanitary Sewer project but included some storm sewer work, some water replacement and the replacement of the roads above the pipes. The total Basin 1 project costs were \$3.16 million, of which \$862,000 was for roads, \$379,000 was for storm, \$1.8 million was for sanitary sewer and \$133,000 was for water.
- Total Basin 6 project costs were \$4.20 million and included \$1.3 million in road work, \$1.95 million in sanitary sewer, \$365,000 in storm sewer and \$526,000 in water assets.
- Other significant additions and disposals included:
 - A street sweeper with a total cost of \$193,270 (disposal of \$118,750) and
 - Lining of sanitary sewer pipes costing \$234,000.

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

LONG-TERM DEBT

Wisconsin state statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total equalized valuation. The current debt limitation for the Village of Shorewood is \$65,023,365 which exceeds the Village's current outstanding general obligation debt of \$44,359,083. This debt is entirely backed by the full faith and credit of the government. At year end the outstanding debt equaled 68% of the Village's state authorized debt limit.

Total general obligation debt increased by \$15.86 million during the year. The Village issued new debt for the Lighthouse project totaling \$9.4 million. \$8.17 million was issued for Basin 1, Basin 6 projects, engineering for the 2014 road program, and for sanitary sewer lateral rehabilitation. The Village made its annual debt payments in accordance with the debt repayment schedules totaling \$1.96 million. While significant changes in the Village's long term debt are discussed above, the table below summarizes the ending balances for 2012 and 2011.

	Governmental Activities		Business-type Activities	
	2012	2011	2012	2011
General obligation debt	\$ 35,143,648	\$ 24,432,077	\$ 9,484,718	\$ 4,334,943
Pension	288,933	338,082	-	-
OPEB	640,632	656,748	33,107	18,410
Compensated absences	558,668	577,100	55,688	64,077
Retiree sick leave	58,311	39,862	-	-
Total	<u>\$ 36,690,192</u>	<u>\$ 26,043,869</u>	<u>\$ 9,573,513</u>	<u>\$ 4,417,430</u>

Additional information on the Village's long term debt can be found in Notes III F. and G. on pages 71 – 75.

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	2008	2009	2010	2011	2012
City of Milwaukee	7.8%	11.5%	9.7%	9.3%	9.6%
Milwaukee County	6.5%	9.7%	8.1%	7.8%	8.0%
State of Wisconsin	6.0%	8.8%	7.1%	6.6%	6.6%
United States	7.1%	9.7%	9.1%	8.3%	7.6%

* 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

As previously mentioned, the Village’s assessment error impacted our 2012 property tax revenue in the TID No.1 fund and was offset by a decrease in the General Fund property revenues. In 2013, this will reverse and the TID No.1 tax increment will be virtually \$0 while the General Fund levy will increase by two times the \$1,460,298 (once to restore our levy base, and once to repay the shortage in 2012)

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

2013 Budget

The 2013 budget includes the following changes from 2012:

- Property tax levy increase of 1.79%, which is 1.19% for debt service and 0.59% for operations (excluding the effect of the assessment error discussed above).
- Sanitary sewer rate increase of 33% needed to cover the debt service on borrowing taken out to fund infrastructure additions.
- The Village’s workforce is aging and approximately 15 employees are currently eligible for retirement. Approximately 38 employee or 45% of our total employees will be eligible for retirement in the next ten years. The Village provides health insurance to retirees until age 65, under certain qualifications. The 2013 budget includes funding for health insurance costs for all currently retire employees, three employees who retired in 2012 and an estimate for two undeclared retirees. The Village continues to monitor its exposure to these costs and has reduced these benefits for employees with fewer years of service and eliminated the benefit for new employees.
- Capital projects include lateral replacement, engineering for the 2014 road program and funding for bi-annual road maintenance program.

REQUESTS FOR INFORMATION

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

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

VILLAGE OF SHOREWOOD

STATEMENT OF NET POSITION
As of December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Totals	
ASSETS				
Cash and cash equivalents	\$ 8,142,522	\$ 519,639	\$ 8,662,161	\$ 29,065
Investments	6,548,773	-	6,548,773	-
Receivables	4,985,416	865,195	5,850,611	25,000
Inventories	-	37,087	37,087	-
Prepaid items	122,641	182	122,823	-
Restricted asset - cash and cash equivalents	6,997,984	412,571	7,410,555	57,571
Internal balances	1,368,097	(1,368,097)	-	-
Loans receivable	2,824,035	-	2,824,035	-
Capital Assets				
Land	4,457,690	233,345	4,691,035	-
Artwork	330,000	-	330,000	-
Construction in progress	32,052	144,738	176,790	-
Other capital assets, net of depreciation	20,621,500	16,550,607	37,172,107	-
Total Assets	56,430,710	17,395,267	73,825,977	111,636
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	40,035	-	40,035	-
Total Deferred Outflows of Resources	40,035	-	40,035	-
LIABILITIES				
Accounts payable and accrued expenses	619,876	147,869	767,745	6,186
Liabilities payable from restricted assets	90,636	252,078	342,714	-
Accrued interest payable	345,540	101,597	447,137	-
Noncurrent Liabilities				
Due within one year	2,119,304	514,023	2,633,327	-
Due in more than one year	34,570,888	9,059,490	43,630,378	-
Total Liabilities	37,746,244	10,075,057	47,821,301	6,186
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for subsequent year's budget	12,061,130	-	12,061,130	-
Total Deferred Inflows of Resources	12,061,130	-	12,061,130	-
NET POSITION				
Net investment in capital assets	13,704,213	8,271,762	20,207,996	-
Restricted for:				
Police grants	5,488	-	5,488	-
Library Auermiller donation	23,735	-	23,735	-
Facade improvements	-	-	-	47,879
Unrestricted (deficit)	(7,070,065)	(951,552)	(6,253,638)	57,571
TOTAL NET POSITION	\$ 6,663,371	\$ 7,320,210	\$ 13,983,581	\$ 105,450

See accompanying notes to financial statements.

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VILLAGE OF SHOREWOOD

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,305,008	\$ 103,737	\$ 42,571	\$ -
Public safety	6,988,644	910,890	64,387	-
Public works	3,422,047	156,726	656,759	200,913
Health and social services	299,287	82,732	20,154	-
Culture and recreation	1,283,662	50,577	107,801	-
Conservation and development	1,110,846	15,300	-	-
Interest and fiscal charges	1,367,838	-	133,664	-
Total Governmental Activities	15,777,332	1,319,962	1,025,336	200,913
Business-Type Activities				
Parking	184,432	214,015	-	-
Water	1,390,015	1,387,793	-	-
Sewer	1,624,196	1,684,588	-	275,000
Total Business-Type Activities	3,198,643	3,286,396	-	275,000
Total Primary Government	\$ 18,975,975	\$ 4,606,358	\$ 1,025,336	\$ 475,913
Component Unit				
Business Improvement District	\$ 250,175	\$ 14,238	\$ 25,000	\$ -
Total Component Unit	\$ 250,175	\$ 14,238	\$ 25,000	\$ -
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				
Special item - developer grant				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				

NET POSITION - BEGINNING OF YEAR (RESTATED)

NET POSITION - END OF YEAR

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	
\$ (1,158,700)	\$ -	\$ (1,158,700)	\$ -
(6,013,367)	-	(6,013,367)	-
(2,407,649)	-	(2,407,649)	-
(196,401)	-	(196,401)	-
(1,125,284)	-	(1,125,284)	-
(1,095,546)	-	(1,095,546)	-
(1,234,174)	-	(1,234,174)	-
<u>(13,231,121)</u>	<u>-</u>	<u>(13,231,121)</u>	<u>-</u>
-	29,583	29,583	-
-	(2,222)	(2,222)	-
<u>-</u>	<u>335,392</u>	<u>335,392</u>	<u>-</u>
<u>-</u>	<u>362,753</u>	<u>362,753</u>	<u>-</u>
<u>(13,231,121)</u>	<u>362,753</u>	<u>(12,868,368)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(210,937)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(210,937)</u>
10,864,476	-	10,864,476	-
1,258,424	-	1,258,424	-
-	-	-	108,815
590,495	53,994	644,489	-
246,596	12,227	258,823	997
173,987	-	173,987	-
-	(300,000)	(300,000)	-
159,760	(159,760)	-	-
<u>13,293,738</u>	<u>(393,539)</u>	<u>12,900,199</u>	<u>109,812</u>
62,617	(30,786)	31,831	(101,125)
<u>6,600,754</u>	<u>7,350,996</u>	<u>13,951,750</u>	<u>206,575</u>
<u>\$ 6,663,371</u>	<u>\$ 7,320,210</u>	<u>\$ 13,983,581</u>	<u>\$ 105,450</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2012

	General	Debt Service	General Capital Projects
ASSETS			
Cash and cash equivalents	\$ 2,149,923	\$ 650,622	\$ 819,734
Investments	6,548,773	-	-
Taxes and delinquent personal property taxes receivable (net of uncollectibles of \$42,416)	3,751,159	398,729	249,473
Other receivables	102,794	379	14,782
Due from other governments	17,200	-	41,613
Prepaid items	120,981	-	995
Restricted asset - cash and cash equivalents	-	-	1,321,146
Due from other funds	775,580	-	-
Loans and long-term receivable	224,075	-	14,867
Advances to other funds	592,517	-	-
TOTAL ASSETS	<u>\$ 14,283,002</u>	<u>\$ 1,049,730</u>	<u>\$ 2,462,610</u>
LIABILITIES			
Accounts payable	\$ 146,800	\$ -	\$ 93,408
Due to other funds	-	-	-
Accrued liabilities	231,840	-	-
Liabilities payable from restricted assets	-	-	90,636
Total Liabilities	<u>378,640</u>	<u>-</u>	<u>184,044</u>
DEFERRED INFLOWS OF RESOURCES			
Taxes levied for subsequent year's budget	9,445,321	1,004,692	628,606
Unavailable revenues	4,283	87	645
Total Deferred Inflows of Resources	<u>9,449,604</u>	<u>1,004,779</u>	<u>629,251</u>
FUND BALANCES			
Nonspendable - prepaids	120,981	-	995
Nonspendable - long-term receivables (net of current)	768,584	-	-
Restricted	-	44,951	1,230,510
Committed	118,264	-	-
Assigned	444,898	-	417,810
Unassigned (deficit)	3,002,031	-	-
Total Fund Balances	<u>4,454,758</u>	<u>44,951</u>	<u>1,649,315</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,283,002</u>	<u>\$ 1,049,730</u>	<u>\$ 2,462,610</u>

See accompanying notes to financial statements.

Capital Projects TID No. 1	Capital Projects TID No. 4	Nonmajor Governmental Funds	Totals
\$ 3,730,257	\$ 26,769	\$ 765,217	\$ 8,142,522
-	-	-	6,548,773
28,665	-	361,261	4,789,287
5,370	1,651	1,727	126,703
-	-	10,613	69,426
100	-	565	122,641
225,373	5,451,465	-	6,997,984
160,893	-	-	936,473
418,205	2,166,888	-	2,824,035
-	-	-	592,517
<u>\$ 4,568,863</u>	<u>\$ 7,646,773</u>	<u>\$ 1,139,383</u>	<u>\$ 31,150,361</u>
\$ 92,944	\$ 540	\$ 36,932	\$ 370,624
-	-	160,893	160,893
684	-	16,728	249,252
-	-	-	90,636
<u>93,628</u>	<u>540</u>	<u>214,553</u>	<u>871,405</u>
72,228	-	910,283	12,061,130
1,233	379	10,613	17,240
<u>73,461</u>	<u>379</u>	<u>920,896</u>	<u>12,078,370</u>
100	-	565	122,641
-	-	-	768,584
4,401,674	7,645,854	29,223	13,352,212
-	-	12,551	130,815
-	-	124,833	987,541
-	-	(163,238)	2,838,793
<u>4,401,774</u>	<u>7,645,854</u>	<u>3,934</u>	<u>18,200,586</u>
<u>\$ 4,568,863</u>	<u>\$ 7,646,773</u>	<u>\$ 1,139,383</u>	<u>\$ 31,150,361</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
For the Year Ended December 31, 2012

Fund balances - total governmental funds	\$ 18,200,586
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.</p>	
Land	4,457,690
Artwork	330,000
Construction in progress	32,052
Machinery and equipment	3,830,600
Intangibles	58,705
Buildings and building improvements	8,471,968
Infrastructure	26,282,147
Less: accumulated depreciation	<u>(18,021,920)</u>
Total adjustment for capital assets	<u>25,441,242</u>
<p>Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenue when earned in the government-wide statements.</p>	
	17,240
<p>Gains/losses on refundings are capitalized in the government-wide financial statements</p>	
	40,035
<p>Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. The details of this adjustment are as follows</p>	
General obligation debt	(34,984,686)
(Discounts)/premiums	(158,962)
Pension	(288,933)
Other post employment benefits	(640,632)
Compensated absences	(558,668)
Retiree sick leave	(58,311)
Accrued interest on debt	<u>(345,540)</u>
Total adjustment for long-term obligations	<u>(37,035,732)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,663,371</u>

See accompanying notes to financial statements.

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VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	General	Debt Service	General Capital Projects
REVENUES			
Taxes	\$ 6,414,421	\$ 1,258,424	\$ 301,303
Intergovernmental	959,655	53,664	558,072
Licenses and permits	575,283	-	-
Fines	518,088	-	-
Charges for services	146,381	-	97,110
Investment income	124,035	2,443	11,462
Other revenues	89,512	-	30,082
Total Revenues	<u>8,827,375</u>	<u>1,314,531</u>	<u>998,029</u>
EXPENDITURES			
Current			
General government	1,041,277	-	-
Public safety	6,650,742	-	-
Public works	1,872,165	-	-
Health and social services	164,235	-	-
Culture and recreation	209,013	-	-
Conservation and development	159,506	-	-
Capital Outlay	-	-	3,484,003
Debt Service			
Principal retirement	-	1,562,744	57,638
Interest and fiscal charges	-	992,043	36,679
Total Expenditures	<u>10,096,938</u>	<u>2,554,787</u>	<u>3,578,320</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,269,563)</u>	<u>(1,240,256)</u>	<u>(2,580,291)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of capital assets	-	-	41,889
General obligation debt issued	-	-	3,055,000
Premium on bonds issued	-	-	54,879
Transfers in	177,852	1,266,935	82,296
Transfers out	(87,344)	-	(35,365)
Total Other Financing Sources (Uses)	<u>90,508</u>	<u>1,266,935</u>	<u>3,198,699</u>
Net Change in Fund Balance	(1,179,055)	26,679	618,408
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR (RESTATED)	<u>5,633,813</u>	<u>18,272</u>	<u>1,030,907</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,454,758</u>	<u>\$ 44,951</u>	<u>\$ 1,649,315</u>

See accompanying notes to financial statements.

Capital Projects TID No. 1	Capital Projects TID No. 4	Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,239,651	\$ -	\$ 909,101	\$ 12,122,900
25,177	-	142,230	1,738,798
-	-	-	575,283
-	-	-	518,088
300	-	211,741	455,532
32,840	87,937	119	258,836
14,092	80,000	75,549	289,235
<u>3,312,060</u>	<u>167,937</u>	<u>1,338,740</u>	<u>15,958,672</u>
-	-	146,148	1,187,425
-	-	8,839	6,659,581
-	-	-	1,872,165
-	-	158,246	322,481
-	-	869,568	1,078,581
867,745	76,507	3,262	1,107,020
142,351	-	155,913	3,782,267
-	-	-	1,620,382
12,608	213,609	39	1,254,978
<u>1,022,704</u>	<u>290,116</u>	<u>1,342,015</u>	<u>18,884,880</u>
<u>2,289,356</u>	<u>(122,179)</u>	<u>(3,275)</u>	<u>(2,926,208)</u>
-	-	-	41,889
1,010,000	8,155,000	-	12,220,000
18,143	47,976	-	120,998
-	-	21,548	1,548,631
(1,050,038)	(165,649)	(76,404)	(1,414,800)
<u>(21,895)</u>	<u>8,037,327</u>	<u>(54,856)</u>	<u>12,516,718</u>
2,267,461	7,915,148	(58,131)	9,590,510
<u>2,134,313</u>	<u>(269,294)</u>	<u>62,065</u>	<u>8,610,076</u>
<u>\$ 4,401,774</u>	<u>\$ 7,645,854</u>	<u>\$ 3,934</u>	<u>\$ 18,200,586</u>

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

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

For the Year Ended December 31, 2012

Net change in fund balances - total governmental funds	\$ 9,590,510
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	3,782,267
Capital assets contributed by the business-type activities	812,565
Some assets were contributed by third parties	44,851
Some items reported as capital outlay were not capitalized	
Payments to joint ventures for fire and dispatch services	(343,261)
Infrastructure transferred to business-type activities	(786,636)
Miscellaneous other non-capitalized capital outlay	(238,553)
Depreciation is reported in the government-wide statements	(1,430,185)
Net book value of assets retired	(277,379)
<p>Receivables not currently available are reported as deferred inflows in the fund financial statements but are recognized as revenue when earned in the government-wide statements</p>	
Current year receivables added to revenue	17,240
Less: receivables recognized as revenue in previous years	(340,574)
<p>The issuance of debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. Repayments of debt is an expenditure in the governmental funds, but the reduces debt in the statement of net position.</p>	
Debt issued	(12,220,000)
Principal repaid	1,620,382
Amortization of the loss on advanced refunding	(8,007)
<p>Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Premium on bonds issued	(120,998)
Amortization of discounts/premiums	9,045
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences	18,432
Net OPEB liability	16,116
Police and fire pension	49,149
Retiree insurance	(18,449)
Accrued interest on debt	(113,898)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 62,617</u>

See accompanying notes to financial statements.

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VILLAGE OF SHOREWOOD

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
As of December 31, 2012

	Business-Type Activities			Totals
	Enterprise Funds			
	Parking Utility	Water Utility	Sewer Utility	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 403,862	\$ -	\$ 115,777	\$ 519,639
Receivables	2,741	339,537	522,917	865,195
Prepays	-	91	91	182
Restricted asset - cash and cash equivalents	-	78,416	334,155	412,571
Current portion of advance	17,232	-	12,439	29,671
Inventories	-	37,087	-	37,087
Total Current Assets	<u>423,835</u>	<u>455,131</u>	<u>985,379</u>	<u>1,864,345</u>
Noncurrent Assets				
Capital Assets				
Land	233,345	-	-	233,345
Construction in progress	-	6,080	138,658	144,738
Other capital assets, net of depreciation	55	3,685,716	12,864,836	16,550,607
Long-term portion of advances	<u>249,733</u>	<u>-</u>	<u>-</u>	<u>249,733</u>
Total Noncurrent Assets	<u>483,133</u>	<u>3,691,796</u>	<u>13,003,494</u>	<u>17,178,423</u>
TOTAL ASSETS	<u>906,968</u>	<u>4,146,927</u>	<u>13,988,873</u>	<u>19,042,768</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	36,600	84,882	26,387	147,869
Accrued interest payable	4,762	20,592	76,243	101,597
Due to other funds	-	775,580	-	775,580
Liabilities payable from restricted assets	-	-	252,078	252,078
Current portion of debt	20,000	142,291	351,732	514,023
Current portion of advances	<u>13,543</u>	<u>12,439</u>	<u>51,697</u>	<u>77,679</u>
Total Current Liabilities	<u>74,905</u>	<u>1,035,784</u>	<u>758,137</u>	<u>1,868,826</u>
Noncurrent Liabilities				
General obligation debt	264,778	1,847,769	6,858,148	8,970,695
Advances from other funds	45,047	-	749,195	794,242
Other postemployment benefits (OPEB)	-	16,837	16,270	33,107
Compensated absences	<u>3,981</u>	<u>25,731</u>	<u>25,976</u>	<u>55,688</u>
Total Noncurrent Liabilities	<u>313,806</u>	<u>1,890,337</u>	<u>7,649,589</u>	<u>9,853,732</u>
Total Liabilities	<u>388,711</u>	<u>2,926,121</u>	<u>8,407,726</u>	<u>11,722,558</u>
NET POSITION				
Net investment in capital assets	233,400	1,844,522	6,193,840	8,271,762
Unrestricted (deficit)	<u>284,857</u>	<u>(623,716)</u>	<u>(612,693)</u>	<u>(951,552)</u>
TOTAL NET POSITION	<u>\$ 518,257</u>	<u>\$ 1,220,806</u>	<u>\$ 5,581,147</u>	<u>\$ 7,320,210</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	Business-Type Activities			Totals
	Enterprise Funds			
	Parking Utility	Water Utility	Sewer Utility	
OPERATING REVENUES				
Charges for services	\$ 213,425	\$ 1,376,124	\$ 1,656,360	\$ 3,245,909
Miscellaneous revenues	590	11,669	28,228	40,487
Total Operating Revenues	214,015	1,387,793	1,684,588	3,286,396
OPERATING EXPENSES				
Operation and maintenance	149,200	1,223,233	1,121,423	2,493,856
Depreciation	19,578	106,125	180,692	306,395
Total Operating Expenses	168,778	1,329,358	1,302,115	2,800,251
Operating Income	45,237	58,435	382,473	486,145
NONOPERATING REVENUES (EXPENSES)				
Investment income	11,224	(228)	1,231	12,227
Intergovernmental revenue	-	-	53,994	53,994
Loss on disposals of capital assets	(7,000)	-	(870,772)	(877,772)
Grant related expenses	-	-	(55,644)	(55,644)
Interest expense	(8,654)	(60,657)	(208,230)	(277,541)
Total Nonoperating Revenues (Expenses)	(4,430)	(60,885)	(1,079,421)	(1,144,736)
Income (Loss) Before Special Item, Transfers, and Contributions	40,807	(2,450)	(696,948)	(658,591)
SPECIAL ITEM - DEVELOPER CONTRIBUTION	(300,000)	-	-	(300,000)
TRANSFERS IN	-	39,909	-	39,909
TRANSFERS OUT	(36,408)	(92,085)	(45,247)	(173,740)
CONTRIBUTIONS	-	18,910	1,042,726	1,061,636
Change in Net Position	(295,601)	(35,716)	300,531	(30,786)
TOTAL NET POSITION - BEGINNING OF YEAR (RESTATED)	813,858	1,256,522	5,280,616	7,350,996
TOTAL NET POSITION - END OF YEAR	\$ 518,257	\$ 1,220,806	\$ 5,581,147	\$ 7,320,210

See accompanying notes to financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 For the Year Ended December 31, 2012

	Business-Type Activities			Totals
	Enterprise Funds			
	Parking Utility	Water Utility	Sewer Utility	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 219,414	\$ 1,414,877	\$ 1,682,318	\$ 3,316,609
Paid to suppliers for goods and services	(96,511)	(991,617)	(1,151,792)	(2,239,920)
Paid to employees for services	(62,226)	(245,008)	(165,996)	(473,230)
Net Cash Flows From Operating Activities	60,677	178,252	364,530	603,459
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Paid to village for tax equivalent	(36,408)	(92,085)	(5,338)	(133,831)
Repayment of due from other funds	-	(543,587)	(42,702)	(586,289)
Received from other funds	-	775,580	-	775,580
Special item grant to developer	(300,000)	-	-	(300,000)
Grants received	-	-	157,150	157,150
Grant expenses paid	-	-	(55,644)	(55,644)
Payments received on advances	16,751	-	11,903	28,654
Payments made on advances	(12,868)	(11,903)	(50,255)	(75,026)
Interest received on advances	8,143	-	1,095	9,238
Interest paid on advances	(3,752)	(1,095)	(24,428)	(29,275)
Net Cash Flows From Noncapital Financing Activities	(328,134)	126,910	(8,219)	(209,443)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	2,395	-	560	2,955
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(731,524)	(3,685,672)	(4,417,196)
Transfers to other funds for capital activity	-	-	(39,909)	(39,909)
Cost of disposal of assets	-	(44,658)	(812,565)	(857,223)
Proceeds on long-term debt	280,000	705,000	4,415,000	5,400,000
Premium on long-term debt	5,030	12,665	79,310	97,005
Debt issuance costs	(3,362)	(8,465)	(53,009)	(64,836)
Payments of long-term debt	-	(111,688)	(229,393)	(341,081)
Interest paid on long-term debt	-	(48,076)	(86,571)	(134,647)
Net Cash Flows From Capital and Related Financing Activities	281,668	(226,746)	(412,809)	(357,887)

See accompanying notes to the financial statements.

	Business-Type Activities			
	Enterprise Funds			
	Parking Utility	Water Utility	Sewer Utility	Totals
Net Change in Cash and Cash Equivalents	\$ 16,606	\$ 78,416	\$ (55,938)	\$ 39,084
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>387,256</u>	<u>-</u>	<u>505,870</u>	<u>893,126</u>
TOTAL CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 403,862</u>	<u>\$ 78,416</u>	<u>\$ 449,932</u>	<u>\$ 932,210</u>
Ending Total Cash and Cash Equivalents are comprised of:				
Cash and cash equivalents	\$ 403,862	\$ -	\$ 115,777	\$ 519,639
Restricted - cash and cash equivalents	<u>-</u>	<u>78,416</u>	<u>334,155</u>	<u>412,571</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 403,862</u>	<u>\$ 78,416</u>	<u>\$ 449,932</u>	<u>\$ 932,210</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES				
Operating income	\$ 45,237	\$ 58,435	\$ 382,473	\$ 486,145
Adjustments to reconcile operating income to net cash provided from operating activities				
Noncash items included in income				
Depreciation	19,578	106,125	180,692	306,395
Depreciation charged to other accounts	-	12,478	(12,478)	-
Accrued other post employment benefits	-	7,632	7,065	14,697
Changes in assets and liabilities				
Accounts receivable	5,399	27,084	(2,270)	30,213
Inventories	-	(328)	-	(328)
Prepayments	-	(91)	(91)	(182)
Accounts payable and accrued liabilities	<u>(9,537)</u>	<u>(33,083)</u>	<u>(190,861)</u>	<u>(233,481)</u>
Net Cash Flows From Operating Activities	<u>\$ 60,677</u>	<u>\$ 178,252</u>	<u>\$ 364,530</u>	<u>\$ 603,459</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed by Municipality	<u>\$ -</u>	<u>\$ 18,910</u>	<u>\$ 1,042,726</u>	<u>\$ 1,061,636</u>
Capital Assets Contributed by Other Funds	<u>\$ -</u>	<u>\$ 39,909</u>	<u>\$ -</u>	<u>\$ 39,909</u>
Capital Assets Contributed to Other Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (39,909)</u>	<u>\$ (39,909)</u>

See accompanying notes to the financial statements.

VILLAGE OF SHOREWOOD

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND
As of December 31, 2012

	Tax Collection Agency Fund
ASSETS	
Cash and cash equivalents	\$ 18,004,691
Property taxes receivable	<u>11,830,154</u>
TOTAL ASSETS	<u>\$ 29,834,845</u>
LIABILITIES	
Accounts payable	\$ 78,817
Due to other taxing units	<u>29,756,028</u>
TOTAL LIABILITIES	<u>\$ 29,834,845</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, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

Discretely Presented Component Units

The Village of Shorewood Business Improvement District ("BID") was established in 1999 by the Village. The BID is a legally separate organization whose board is appointed by the Village president. The BID does not provide a financial benefit or burden to the Village as the Village cannot access the BID's resources, and is not obligated for any deficits or debt issued by the BID. Wisconsin Statutes provide for circumstances whereby the Village can impose its will on the BID as the Village board approves the BID's annual budget and changes to the BID's assessment methods. As a component unit, the BID's financial statements have been presented as a discrete column in the government-wide financial statements. The information presented is for the fiscal year ended December 31, 2012. Separately issued financial statements of the Village of Shorewood Business Improvement District may be obtained from the BID's office.

The Shorewood Community Development Authority ("CDA") was established by the Village in 1993 as the Village's housing and redevelopment authority. The board of the CDA is appointed by the Village president. The CDA does not provide a financial benefit or burden to the Village as the Village cannot access the CDA's resources, and is not obligated for any deficits or debt issued by the CDA. The Village is not able to impose its will on the CDA under the criteria included in GASB standards. The CDA had no activity or net position during 2012 and does not issue separate financial statements. While the CDA may not meet the tests to be considered a component unit of the Village, management has determined that the exclusion of the CDA from the Village's reporting entity would be misleading. Therefore, the CDA is considered to be a component unit of the Village and any financial activity or net position of the CDA would be discretely presented.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement modified existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. This statement also modified the requirements for presenting component units as blended funds of the primary government.

GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in June 2011. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 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.

The Village implemented these statements as of January 1, 2012.

Government-Wide Financial Statements

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Government-Wide Financial Statements (continued)

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

Fund Financial Statements

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

The Village reports the following major governmental funds:

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

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

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

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

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements (continued)

The Village reports the following major enterprise funds:

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

Water Utility - accounts for operations of the water system.

Sewer Utility - accounts for operations of the sewer system.

In addition, the Village uses agency funds to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The Village reports its Tax Collection Fund as an Agency Fund. This fund accounts for property tax collections made on behalf of other organizations.

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

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

Property taxes are considered to be revenue for the fiscal year they are intended to finance. Interest on investments is recognized as revenue when earned and received within the period of availability (within 90 days of year-end). Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end). All other revenue items are considered to be measurable and available only when cash is received. The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Cash, Cash Equivalents, and Investments

For purposes of the statement of cash flows, the Village considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash and cash equivalents.

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

- a. Time deposits in any credit union, bank, savings bank, or trust company maturing in three years or less.
- b. Bonds or securities of any county, city, drainage district, technical college district, Village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, the University of Wisconsin Hospitals and Clinics Authority, or by the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

Custodial Credit Risk

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Interest Rate Risk

The Village's investment policy restricts investments to those with a maturity date less than 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, 2012, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III. A. for further information.

2. Receivables

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables (continued)

Property tax calendar - 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	March 31, 2013
Third installment due	May 31, 2013
Personal property taxes in full	January 31, 2013
Tax sale - 2012 delinquent real estate taxes	October 2015

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer, and parking utilities because they have the right by law to place substantially all delinquent bills on the tax roll.

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, intangibles, and infrastructure assets (e.g. roads, alleys, street lights, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 for general capital assets, \$10,000 for infrastructure assets, and an estimated useful life in excess of two (2) years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

4. Capital Assets (continued)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

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

5. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The Village reports deferred inflows for property taxes levied but supporting the subsequent years' budget. These deferred inflows are reports on both the governmental fund and the government-wide financial statements. Additionally, the Village reports unavailable revenue, within its governmental funds balance sheet. The governmental funds report unavailable revenues for revenues which are earned and measurable but not available. These amounts are recognized as an inflow of resources in the period that the amounts become available.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 2012, are determined on the basis of current salary rates and include salary related payments.

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

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

7. Retiree Sick Leave Bank

Employees earn sick leave at various rates. Employees hired before January 1, 2013 who retire under Wisconsin Retirement System rules, can choose to have 50% of their accumulated sick leave either paid out to them or held by the Village to pay for their portion of health insurance premiums. The maximum amount of sick leave that can be accumulated varies depending on the employee's years of service. The Village funds these benefits on a pay-as-you-go basis and funding generally comes from the Village's General Fund. During 2012, the Village paid \$41,869 for six (6) retirees under this program. The remaining unused sick leave bank for these retirees is reported as a government-wide liability of \$58,311.

8. Other Postemployment Benefits

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Long-Term Obligations/Conduit Debt

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

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premiums) is reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. The balance at year end for premiums/discounts, as applicable, is shown as an increase or decrease in the liability section of the statement of net position.

The Village may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. The Village's component unit, CDA issued \$2,800,000 of subordinate redevelopment revenue bonds, IRB's, during 2012. The entire amount was outstanding at year end. 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.

10. Claims and Judgments

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Equity Classifications (continued)

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

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

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

The Village’s fund balance policy 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, 2012

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

13. Proprietary Fund Revenues

The proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

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

Current sewer rates were approved by the Village Board and effective on May 15, 2011. The Village Board approved a 33% rate increase effective on February 15, 2013.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE II – 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.'s 1, 3, and 4, and the following Special Revenue Funds: Library, Police Special Funds, Shorewood Today, Elder Services, and the Marketing Shorewood. Budgets have not been formally adopted for the Health Special Fund which was closed during the year. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds levying a general property tax.

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

B. LIMITATIONS ON THE VILLAGE'S TAX LEVY

The State of Wisconsin's legislature has acted to limit the Village's future tax levies. Generally, the Village's 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 ½ of one percent of their prior year unused capacity.

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

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

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations are as follows:

Fund	Final Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Clerk/treasurer	\$ 254,284	\$ 258,481	\$ 4,197
Other general administration	163,592	173,165	9,573
Fire and other public safety	2,700,848	2,767,938	67,090
Public works administration	599,970	620,641	20,671
Street sweeping	9,416	18,844	9,428
Street lighting	133,909	169,521	35,612
Street marking	14,578	18,042	3,464
Yard waste/leaf collection	65,857	75,899	10,042
Health	161,907	164,235	2,328
Celebrations	25,143	56,556	31,413
Forestry	125,259	159,506	34,247
Transfers out	77,555	87,344	9,789
Other Funds			
Library expenditures and transfers	924,681	1,046,281	121,600
Shorewood Today	48,277	54,370	6,093
Marketing Shorewood	55,500	91,778	36,278
Debt Service	2,389,024	2,554,787	165,763
TID No. 1 expenditures and transfers	1,486,043	2,073,623	587,580
TID No. 3 expenditures and transfers	28,483	31,184	2,701
TID No. 4 expenditures and transfers	15,000	455,765	440,765

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

D. DEFICIT BALANCES

As of December 31, 2012, the Senior Services Fund had a deficit fund balance of \$1,638. This deficit resulted because Milwaukee County grant receivables could not be recognized as revenue in the 2012 year, as they were not received within 90 days of year end. This deficit will be repaid with those resources in 2013.

TID No. 3 Fund had a deficit fund balance of \$161,035 which is expected to be funded through future tax increments or revenue sharing.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS

A. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

	Statement Balance	Carrying Value	Associated Risks
Petty cash	\$ -	\$ 1,765	N/A
Demand deposits	8,204,970	12,096,092	Custodial credit risk
Overnight repurchase agreement	21,481,157	21,481,157	Custodial credit, credit risk, concentration of credit and interest rate
LGIP	498,393	498,393	Credit and interest rate
US agency securities	1,503,700	1,503,700	Custodial credit, credit risk, concentration of credit and interest rate
Municipal bonds	1,434,547	1,434,547	Custodial credit, credit risk, concentration of credit and interest rate
Certificates of deposit	<u>3,610,526</u>	<u>3,610,526</u>	Custodial credit and concentration of credit risk
	<u>\$ 36,733,293</u>	<u>\$ 40,626,180</u>	
 Reconciliation to financial statements			
Per statement of net position			
Cash and cash equivalents		\$ 8,662,161	
Investments		6,548,773	
Restricted cash and cash equivalents		7,410,555	
Per statement of net position - Fiduciary Fund			
Cash and cash equivalents		<u>18,004,691</u>	
Total cash and investments		<u>\$ 40,626,180</u>	

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), and \$250,000 for interest bearing demand deposit accounts. Prior to January 1, 2013 FDIC covered an unlimited amount for noninterest bearing transaction accounts.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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

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

Custodial Credit Risk

Deposits

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

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village does not have any investments exposed to custodial credit risk as all investments are covered by SIPC insurance, held by a the Village's agent in the Village's name, or registered in the Village's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2012 the Village's investments were rated as follows:

Moody's Investors Services Rating	Amount by Investment Type		
	Overnight repurchase - U.S. agencies	U.S. agencies	Municipal Bonds
Aaa	\$ 21,481,157	\$ 1,503,700	\$ 22,254
Aa1	-	-	99,044
Aa2	-	-	872,655
Aa3	-	-	27,568
A1	-	-	5,154
Unrated	-	-	407,872
Total	\$ 21,481,157	\$ 1,503,700	\$ 1,434,547

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. As of December 31, 2012, the Village's investments were as follows:

Investment Type	Fair Value	Maturity in years				
		< 1 year	1 - 2	2 - 3	3 - 4	4 - 5
Overnight repurchase						
U.S. agencies	\$ 21,481,157	\$ 21,481,157	\$ -	\$ -	\$ -	\$ -
LGIP	498,393	498,393	-	-	-	-
Municipal bonds	1,434,547	-	112,498	230,021	776,946	315,082
U.S. agencies	<u>1,503,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,503,700</u>
Total	<u>\$ 24,917,797</u>	<u>\$ 21,979,550</u>	<u>\$ 112,498</u>	<u>\$ 230,021</u>	<u>\$ 776,946</u>	<u>\$ 1,818,782</u>

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

Concentration of Credit Risk

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

As of December 31, 2012, the Village had \$22,465,454 in Federal National Mortgage Association, (Fannie Mae), which is more than 5% of its overall portfolio. The majority of these holdings were held as part of the Village's overnight repurchase agreement.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – 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 inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows reported in the governmental funds were as follows:

Deferred Inflows	Unavailable	Unearned	Total
Property taxes levied for subsequent year's budget	\$ -	\$ 12,061,130	\$ 12,061,130
Revenues earned but not available	17,240	-	17,240
Total Deferred Inflows for Governmental Funds	<u>\$ 17,240</u>	<u>\$ 12,061,130</u>	<u>\$ 12,078,370</u>

Loans Receivable

Loans outstanding at year end are as follows:

Program	Amount Approved	Beginning Balance	Add's	Delete's	Ending Balance	Current Portion
Business Incentive						
Loan Program	\$ 336,500	\$ 308,938	\$ 137,391	\$ 28,124	\$ 418,205	\$ 34,004
Neighborhood						
Loan Program	271,325	191,075	80,000	47,000	224,075	-
Other Loans						
Hubbard Lodge	28,939	21,412	-	6,545	14,867	7,331
Demolition	60,000	60,000	-	60,000	-	-
Lighthouse	3,535,000	-	2,166,888	-	2,166,888	-
Total	<u>\$ 4,231,764</u>	<u>\$ 581,425</u>	<u>\$ 2,384,279</u>	<u>\$ 141,669</u>	<u>\$ 2,824,035</u>	<u>\$ 41,335</u>

Individual loan programs and terms are described below.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

B. 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 five are outstanding. The repayment terms vary by individual loan agreement, some offering deferred interest, deferred principal or deferred payment options. A description of the terms of each is included below.

Loan one bears interest of 3.0% and is due in equal monthly payments of \$457 through December 2019, the outstanding balance on this loan at year end was \$89,000.

Loan two bears interest of 2.0% and is due in equal monthly payments of \$968 through March 2020, the outstanding balance on this loan at year end was \$97,994.

Loan three bears interest of 4.5% and is due in equal monthly payments of \$379 through January 2018, the outstanding balance on this loan at year end was \$20,619.

Loan four bears interest of 4.5% and is due in equal monthly payments of \$1,535 through August 2017, the outstanding balance on this loan at year end was \$75,965.

Loan five is made up of two components. The first \$50,000 bears interest of 4.5%. Payments on this loan will begin July 2013 and continue through December 2016 with equal payments to be calculated after final disbursement. The second \$100,000 bears interest of 4.5%. Payments on this loan will begin July 2013 and continue through December 2021 with equal payments to be calculated after final disbursement. The amount disbursed to date on these loans was \$134,627.

The Village has authorized an additional loan of up to \$25,000 which has not closed or been disbursed as of yearend.

Neighborhood Loan Program

In 2009, the Village began a Neighborhood Loan Program. This program is designed to assist residents in purchasing or making certain improvements to homes within the Village. All loans are noninterest bearing and are only due upon refinancing or sale of the property. The maximum loan amount is \$20,000. As of December 31, 2012, 18 loans were outstanding totaling \$224,075 at year end.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE III – 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 with monthly payments of \$637 through December 2014 and bears interest of 2.75%.

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. This property was sold during 2012 and the balance was repaid to the Village.

The Village entered into an agreement with a local developer to construct a mixed use building including apartments, retail, and parking. As part of this agreement the Village provided a loan to the developer totaling \$3,535,000. This loan bears interest of 2.0%-3.5% which is due bi-annually. Interest payments on the entire \$3,535,000 began in 2012; only \$2,166,888 was disbursed and outstanding as of yearend. Annual principal payments of between \$100,000 and \$125,000 are due beginning December 2015 through December 2027. The balance on the loan of \$2,145,000 is due on December 1, 2028. This loan will be repaid through revenues generated by the completed project and is additionally secured through a second mortgage on the property. Construction on the project began in 2012 and is scheduled to be completed in 2014. Funding for this loan was obtained through a debt issuance completed in 2012.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

C. RESTRICTED ASSETS

As of December 31, 2012 the Village reported restricted cash and cash equivalents for the following purposes and funds:

Fund	Restricted Assets	Restricted Liabilities	Restricted Equity
General Capital Projects Fund			
Upsent bond proceeds for capital purposes	\$ 671,528	\$ 90,636	\$ 580,892
Upsent bond proceeds for noncapital purposes	<u>649,618</u>	<u>-</u>	<u>649,618</u>
Total Restricted	<u>1,321,146</u>	<u>90,636</u>	<u>1,230,510</u>
Capital Projects - TID No.1			
Upsent bond proceeds for noncapital purposes	<u>225,373</u>	<u>-</u>	<u>225,373</u>
Capital Projects - TID No.4			
Upsent bond proceeds for noncapital purposes	<u>5,451,465</u>	<u>-</u>	<u>5,451,465</u>
Total Governmental Activities	<u>\$ 6,997,984</u>	<u>\$ 90,636</u>	<u>na</u>
Water Utility			
Upsent bond proceeds for capital purposes	<u>\$ 78,416</u>	<u>\$ -</u>	<u>na</u>
Sewer Utility			
Upsent bond proceeds for capital purposes	<u>334,155</u>	<u>252,078</u>	<u>na</u>
Total Business-Type Activities	<u>\$ 412,571</u>	<u>\$ 252,078</u>	<u>na</u>

It is anticipated that these funds will be utilized in 2013. 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, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 4,457,690	\$ -	\$ -	\$ 4,457,690
Artwork	330,000	-	-	330,000
Construction in progress	<u>65,637</u>	<u>1,324,341</u>	<u>1,357,926</u>	<u>32,052</u>
Total Capital Assets Not Being Depreciated	<u>4,853,327</u>	<u>1,324,341</u>	<u>1,357,926</u>	<u>4,819,742</u>
Capital Assets Being Depreciated				
Machinery and equipment	3,724,856	526,629	420,885	3,830,600
Intangible assets software	-	58,705	-	58,705
Buildings and improvements	8,372,991	172,692	73,715	8,471,968
Infrastructure	<u>25,602,433</u>	<u>2,546,792</u>	<u>1,867,078</u>	<u>26,282,147</u>
Total Capital Assets Being Depreciated	<u>37,700,280</u>	<u>3,304,818</u>	<u>2,361,678</u>	<u>38,643,420</u>
Total Capital Assets	<u>42,553,607</u>	<u>4,629,159</u>	<u>3,719,604</u>	<u>43,463,162</u>
Less: Accumulated Depreciation for				
Machinery and equipment	2,542,739	255,854	384,068	2,414,525
Intangible assets software	-	11,741	-	11,741
Buildings and improvements	2,427,391	200,492	29,266	2,598,617
Infrastructure	<u>13,705,904</u>	<u>962,098</u>	<u>1,670,965</u>	<u>12,997,037</u>
Total Accumulated Depreciation	<u>18,676,034</u>	<u>1,430,185</u>	<u>2,084,299</u>	<u>18,021,920</u>
Net Depreciable Assets	<u>19,024,246</u>	<u>1,874,633</u>	<u>277,379</u>	<u>20,621,500</u>
Total Governmental Activities	<u>\$23,877,573</u>	<u>\$3,198,974</u>	<u>\$1,635,305</u>	<u>\$25,441,242</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 55,410
Public safety	55,032
Health and social services	4,523
Public works, which includes the depreciation of infrastructure	1,148,811
Culture and recreation	<u>166,409</u>
Total Governmental Activities Depreciation Expense	<u>\$1,430,185</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 233,345	\$ -	\$ -	\$ 233,345
Construction in progress	510,132	4,795,941	5,161,335	144,738
Total Capital Assets				
Not Being Depreciated	743,477	4,795,941	5,161,335	378,083
Capital Assets Being Depreciated				
Water utility system	3,879,068	758,199	24,268	4,612,999
Sewer collection system	9,284,532	5,171,115	302,179	14,153,468
Parking improvements	461,653	-	-	461,653
Machinery and equipment	888,018	98,916	16,716	970,218
Total Capital Assets Being Depreciated	14,513,271	6,028,230	343,163	20,198,338
Total Capital Assets	15,256,748	10,824,171	5,504,498	20,576,421
Less: Accumulated Depreciation for				
Water utility system	949,695	94,655	68,926	975,424
Sewer collection system	1,758,887	123,515	269,972	1,612,430
Parking improvements	442,020	19,578	-	461,598
Machinery and equipment	546,348	68,647	16,716	598,279
Total Accumulated Depreciation	3,696,950	306,395	355,614	3,647,731
Net Depreciable Assets	10,816,321	5,721,835	(12,451)	16,550,607
Total Business-Type Activities	<u>\$11,559,798</u>	<u>\$10,517,776</u>	<u>\$5,148,884</u>	<u>\$16,928,690</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water	\$ 106,125
Sewer	180,692
Parking	19,578
Total Business-type Activities Depreciation Expense	<u>\$ 306,395</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES, AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount	Non-Current
General Fund	Water Utility	\$ 775,580	\$ -
TID No. 1	TID No. 3	160,893	160,893
Subtotal		<u>936,473</u>	<u>160,893</u>
Less: Fund eliminations		<u>(160,893)</u>	
Total Internal Balances - combined with advances		<u>\$ 775,580</u>	

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

Advances

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Non-Current
General Fund	Parking Utility	\$ 58,590	\$ 45,047
General Fund	Sewer Utility	533,927	499,462
Subtotal General Fund		592,517	544,509
Parking Utility	Sewer Utility	266,965	249,733
Sewer Utility	Water Utility	12,439	-
Total - Fund Financial Statements		871,921	<u>\$ 794,242</u>
Less: Fund eliminations		<u>(279,404)</u>	
Total Internal Balances - advances		592,517	
Total Internal Balances - due to/due from's above		775,580	
Total Internal Balances Statement of Net Position		<u>\$ 1,368,097</u>	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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

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

Years	Governmental Activities Advances to					
	Parking Utility		Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	38,596	11,193	38,596	11,193
2018 - 2022	-	-	210,243	38,702	210,243	38,702
2023 - 2025	-	-	141,178	8,189	141,178	8,189
Total	\$ 58,590	\$ 7,887	\$ 533,927	\$ 113,330	\$ 592,517	\$ 121,217

Years	Business-Type Activities Advances to					
	Sewer Advance to Water Utility		Parking Advance to Sewer Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	19,297	5,597	19,297	5,597
2018 - 2022	-	-	105,119	19,351	105,119	19,351
2023 - 2025	-	-	70,596	4,086	70,596	4,086
Total	\$ 12,439	\$ 560	\$ 266,965	\$ 56,657	\$ 279,404	\$ 57,217

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

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

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

Transfers

The following is a schedule of interfund transfers:

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility	\$ 92,085	Payment in lieu of taxes
General Fund	Sewer Utility	5,338	Payment in lieu of taxes
General Fund	Parking Utility	36,408	Payment in lieu of taxes
General Fund	Library	29,135	Administration allocation
General Fund	Health Special Funds	<u>14,886</u>	Close fund
Subtotal General Fund		<u>177,852</u>	
Debt Service Fund	Capital Projects Fund	35,365	Debt service
Debt Service Fund	TID No. 1	1,038,038	Debt service
Debt Service Fund	TID No. 3	27,883	Debt service
Debt Service Fund	TID No. 4	<u>165,649</u>	Debt service
Subtotal Debt Service Fund		<u>1,266,935</u>	
Capital Projects Fund	General Fund	<u>82,296</u>	Capital investment
Marketing Shorewood	TID No. 1	12,000	Program subsidy
Police Special	General Fund	5,048	Program subsidy
Shorewood Today	Marketing Shorewood	<u>4,500</u>	Program subsidy
Subtotal Nonmajor Funds		<u>21,548</u>	
Sewer Utility	Water Utility	<u>39,909</u>	Contributed assets
Total - Fund Financial Statements		1,588,540	
Less: Fund Eliminations		(1,454,709)	
Governmental Activities	Sewer Utility	812,565	Assets constructed
Sewer Utility	Governmental Activities	(767,726)	Assets constructed
Water Utility	Governmental Activities	<u>(18,910)</u>	Assets constructed
Total Transfer - Government-Wide			
Statement of Activities		<u>\$ 159,760</u>	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – 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 \$18,910 and \$767,726 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. The business-type activities also reported a disposal on capital asset for \$812,565 which represented capital assets constructed by those activities, no transfer can be shown as government funds do not report capital assets.

<u>Transferred To</u>	<u>Transferred From</u>	<u>Amount</u>
Governmental Activities	Business-Type Activities	\$ 812,565
Business-Type Activities	Governmental Activities	<u>(652,805)</u>
Total Government-Wide Financial Statements		<u>\$ 159,760</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, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2012 was as follows:

	Beginning Balance <u>Restated</u>	<u>Add's</u>	<u>Deletes</u>	Ending Balance	Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 24,385,068	\$ 12,220,000	\$ 1,620,382	\$ 34,984,686	\$ 1,951,186
(Discounts)/premiums	<u>47,009</u>	<u>120,998</u>	<u>9,045</u>	<u>158,962</u>	<u>-</u>
Total GO Debt	<u>24,432,077</u>	<u>12,340,998</u>	<u>1,629,427</u>	<u>35,143,648</u>	<u>1,951,186</u>
Other Liabilities					
Pension	338,082	-	49,149	288,933	-
Other postemployment benefits	656,748	192,247	208,363	640,632	-
Compensated absences	577,100	247,283	265,715	558,668	150,353
Retiree sick leave	<u>39,862</u>	<u>60,318</u>	<u>41,869</u>	<u>58,311</u>	<u>17,765</u>
Total Other Liabilities	<u>1,611,792</u>	<u>499,848</u>	<u>565,096</u>	<u>1,546,544</u>	<u>168,118</u>
Total Governmental Activities	<u>\$ 26,043,869</u>	<u>\$ 12,840,846</u>	<u>\$ 2,194,523</u>	<u>\$ 36,690,192</u>	<u>\$ 2,119,304</u>
Business-Type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 4,315,478	\$ 5,400,000	\$ 341,081	\$ 9,374,397	\$ 514,023
(Discounts)/premiums	<u>19,465</u>	<u>97,004</u>	<u>6,148</u>	<u>110,321</u>	<u>-</u>
Total GO Debt	<u>4,334,943</u>	<u>5,497,004</u>	<u>347,229</u>	<u>9,484,718</u>	<u>514,023</u>
Other Liabilities					
Other postemployment benefits	18,410	18,672	3,975	33,107	-
Compensated absences	<u>64,077</u>	<u>9,465</u>	<u>17,854</u>	<u>55,688</u>	<u>20,036</u>
Total Business-Type Activities	<u>\$ 4,417,430</u>	<u>\$ 5,525,141</u>	<u>\$ 369,058</u>	<u>\$ 9,573,513</u>	<u>\$ 534,059</u>

General Obligation Debt

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

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2012, was \$65,023,365. Total general obligation debt outstanding at year end was \$44,359,083.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance Outstanding
Governmental Activities					
Taxable issues					
Refunding Bonds	12/1/2005	11/30/2015	5.10 - 5.25%	\$ 2,035,000	\$ 795,000
Build America Bonds	5/11/2010	5/1/2022	1.35 - 4.85%	3,885,000	3,760,000
Corp Purpose Bonds	5/11/2010	5/1/2025	1.00 - 5.20%	4,576,554	4,324,558
Community Dev Bonds	3/8/2012	12/1/2031	2.0-3.25%	6,165,000	6,165,000
Tax-exempt issues					
Refunding Bonds	3/1/2002	9/1/2018	2.13 - 4.75%	7,335,000	595,000
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	30,541
Community Dev Bonds	2/12/2008	8/1/2022	3.15%	3,520,000	2,970,000
Promissory Note	12/20/2006	4/1/2016	3.60 - 3.65%	920,000	165,000
Promissory Note	11/18/2008	10/1/2018	3.00 - 4.30%	1,740,000	1,295,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085 - 3.90%	6,390,000	6,285,000
Community Dev Bonds	3/8/2012	12/1/2028	2.0-3.50%	1,990,000	1,990,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.0-3.00%	4,065,000	4,065,000
NSFD Note Payables					
Whitefish Bay	9/1/2022	4/1/2022	2.00-3.00%	897,184	542,697
Bayside	8/1/2003	8/1/2023	3.59-4.20%	468,050	301,890
Total Governmental Activities General Obligation Debt					<u>\$ 34,984,686</u>
Business-type Activities					
Taxable Corp Purp Bonds	5/11/2010	5/1/2025	1.00 - 5.20%	\$ 143,446	\$ 130,441
Tax-exempt issues					
Clean Water Fund	6/15/1998	5/1/2018	2.64%	988,737	532,936
State Trust Fund Loan	4/22/2004	3/15/2019	3.75%	129,000	71,020
Promissory Notes	12/20/2006	4/1/2016	3.60 - 3.65%	1,165,000	655,000
Promissory Notes	11/18/2008	10/1/2018	3.00 - 4.30%	595,000	460,000
Corp Purpose Bonds	8/8/2011	8/1/2026	.085 - 3.90%	2,175,000	2,125,000
Corp Purpose Bonds	8/7/2012	8/1/2032	2.0-3.00%	5,400,000	5,400,000
Total Business-Type Activities General Obligation Debt					<u>\$ 9,374,397</u>
Total General Obligation Debt					<u>\$ 44,359,083</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

Debt service requirements to maturity are as follows:

Year	Governmental Activities Bonds and Notes Payable		Business-Type Activities Bonds and Notes Payable	
	Principal	Interest	Principal	Interest
2013	\$ 1,951,186	\$ 1,096,487	\$ 514,023	\$ 245,000
2014	2,024,845	1,039,687	567,029	232,364
2015	2,460,165	976,167	629,719	216,047
2016	2,640,250	902,016	668,272	198,009
2017	2,822,474	819,681	526,523	181,994
2018 - 2022	13,841,776	2,695,107	2,214,029	720,371
2023 - 2027	5,568,990	1,013,977	2,534,802	420,586
2028 - 2031	3,675,000	190,325	1,720,000	147,690
Totals	<u>\$ 34,984,686</u>	<u>\$ 8,733,447</u>	<u>\$ 9,374,397</u>	<u>\$ 2,362,061</u>

North Shore Fire Department Obligations

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

Each of the seven communities participating in the NSFD pay their share of the annual debt service on these bonds to the NSFD based on their percentage of operations of the NSFD for that year. This percentage is currently locked at 17.45% for the Village. The Village's original share of the debt was 17.89% or \$897,184. The principal and interest payments paid by the Village in 2012 were \$47,988 and \$13,542, respectively. The total outstanding balance at December 31, 2012 is \$3,110,000, of which the Village is responsible for \$542,697.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

F. LONG-TERM OBLIGATIONS (continued)

North Shore Fire Department Obligations (continued)

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

The participants in the NSFD will pay their annual share of the principal and interest based on their percentage of the operations of the NSFD for that year. The Village's original share of the debt was 18.50% or \$468,050. This percentage is currently locked at 17.45% for the Village. The principal and interest payments paid by the Village in 2012 were \$20,940 and \$11,552 respectively. The total outstanding balance at December 31, 2012 was \$1,730,000 of which \$301,890 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, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

G. LEASE DISCLOSURES

Lessor - Operating Leases

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

<u>Year</u>	<u>Future Minimum Rental</u>	
2013	\$ 26,000	
2014	27,040	
2015	28,122	
2016	30,000	* * 2016 - 2020
2017	30,000	* The payment is the higher
2018	30,000	* of \$30,000 or 4% of the
2019	30,000	* previous year's gross
2020	30,000	* revenue on the property.
Total	<u>\$ 231,162</u>	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

H. NET POSITION AND FUND BALANCES

Net Position

Net position reported on the government-wide statement of net position at December 31, 2012 includes the following:

Net Investment in Capital Assets	Governmental Activities	Business-type Activities
Capital Assets		
Capital assets not being depreciated	\$ 4,819,742	\$ 378,083
Capital assets being depreciated	38,643,420	20,198,338
Accumulated depreciation	<u>(18,021,920)</u>	<u>(3,647,731)</u>
Total Capital Assets	<u>25,441,242</u>	<u>16,928,690</u>
Capital Related Debt		
General Obligation Debt	(34,984,686)	(9,374,397)
Discounts/(Premiums) on Capital related debt	(90,738)	(110,321)
Less Noncapital Related Debt Issuances		
Whitefish Bay note	542,697	-
Bayside note	301,890	-
2005 Taxable G.O. Refunding Bonds	795,000	-
2005 Tax-exempt G.O. Refunding Bonds	1,700,000	-
2010A Taxable G.O. Build America Bonds (portion)	2,816,953	-
2010B Taxable G.O. Bonds	4,324,558	130,441
2011 G.O. Corp Purpose Bonds (portion)	2,010,769	-
2012 Community Development Bonds	6,165,000	-
2012 Taxable Community Development Bonds	1,990,000	-
2012 Corp Purpose Bonds (portion)	<u>2,020,000</u>	<u>280,000</u>
Total Capital Related Debt	<u>(12,408,557)</u>	<u>(9,074,277)</u>
Unspent Capital Related Bond Proceeds	<u>671,528</u>	<u>412,571</u>
Net Investment in Capital Assets	<u>\$ 13,704,213</u>	<u>\$ 8,266,984</u>

A portion of governmental activities borrowings are considered to be noncapital for the governmental activities column, but are considered to be capital related for the total column in the statement of net position. The amount of this adjustment is \$1,767,979 which represents governmental activities borrowing for capital assets of the business-type activities. The total column of the statement of net position for the net investment in capital assets has been adjusted for this difference.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

H. NET POSITION AND FUND BALANCES(continued)

Fund Balances

Fund balances reported on the governmental fund financial statements as of December 31, 2012 within the restricted, committed, and assigned classifications can be further detailed as follows:

Classification / Fund	Amount	Purpose
Restricted		
Debt Service Fund	\$ 44,951	Payment of principal and interest
Capital Projects Fund	580,892	Bond proceeds for capitalizable projects
Capital Projects Fund	649,618	Bond proceeds for other projects
Total Capital Projects Fund	<u>1,230,510</u>	
TID No. 1 Fund	4,176,301	TID plan purposes
TID No. 1 Fund	225,373	Bond proceeds for other projects
Total TID No. 1 Fund	<u>4,401,674</u>	
TID No. 4 Fund	2,194,389	TID plan purposes
TID No. 4 Fund	5,451,465	Bond proceeds for other projects
Total TID No. 4 Fund	<u>7,645,854</u>	
Nonmajor Funds	5,488	Police department activities
Nonmajor Funds	23,735	Library Auermiller donation purposes
Total Nonmajor Funds	<u>29,223</u>	
Total Restricted	<u>\$ 13,352,212</u>	
Committed		
General Fund	\$ 118,264	Post retirement health department costs
Nonmajor Funds	4,017	Police department activities
Nonmajor Funds	3,195	Shorewood Today magazine
Nonmajor Funds	5,339	Village marketing activities
Total Nonmajor Funds	<u>12,551</u>	
Total Committed	<u>\$ 130,815</u>	
Assigned		
General Fund	\$ 2,723	Atwater park landscaping
General Fund	2,381	Sustainability initiatives
General Fund	5,575	Village directory
General Fund	331,733	Neighborhood loan program
General Fund	102,486	2013 budget
Total General Fund	<u>444,898</u>	
Capital Projects Fund	417,810	Future capital projects and equipment
Nonmajor Funds	124,833	General library purposes
Total Assigned	<u>\$ 987,541</u>	

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE III – DETAILED NOTES ON ALL FUNDS (continued)

I. SPECIAL ITEM

Significant transactions that are within the control of management that are either unusual in nature or infrequent in occurrence for the reporting entity are considered to be special items. The Village provided a grant to a developer to aid in the costs of the construction of a parking garage of \$300,000 in 2012. This transaction was reported as a special item within the Parking Utility and the business-type activities as it occurs infrequently.

J. COMPONENT UNIT

Village of Shorewood Business Improvement District

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

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

a. Basis of Accounting/Masurement 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 \$86,636. The bank value was \$114,974 the difference is due to outstanding checks and deposits in transit.

c. Facade Improvement Program

The BID is administrating a facade program for the Village's TID No. 1 Fund. The facade improvement program has been funded periodically by a grant from the TID No. 1. In 2012, TID No. 1 Fund contributed \$25,000 for administration. Unspent funds at the end of the grant period revert back to TID No. 1.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE IV – 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. Covered employees in the General category are required by statute to contribute 5.9% of their salary. The employee contribution for employees in the Protective Occupations with Social Security category was 5.9%. Employees within the Protective Occupations with Social Security, hired after January 1, 2012 contributed 5.9%. Employees within the Protective Occupation with Social Security, hired before January 1, 2012 contributed 1% of their salary, the remaining 4.9% was contributed by the Village.

The payroll for Village employees covered by the System for the year ended December 31, 2012 was \$4,540,807; the employer's total payroll was \$4,567,346. The total required contribution for the year ended December 31, 2012 was \$715,687 or 15.76% of covered payroll. Of this amount, \$535,930 or 74.9% was contributed by the employer for the current year and \$179,646 or 25.1% was contributed by employees. Total contributions for the years ending December 31, 2011 and 2010 were \$721,073 and \$673,583, respectively, equal to the required contributions for each year. For the year ending December 31, 2011, the Village contributed \$653,713 or 90.7% and \$67,360 or 9.3% was contributed by employees. Total contributions for the year ending December 31, 2010 were 100% 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, 2012 there was no pension related debt for the Village.

Protective employees of the Village hired prior to 1948 are covered under the Village's police and fire pension funds established under Chapter 62 of the Wisconsin Statutes. The Village has not obtained an actuarial valuation of these pension plans which were assumed by the Wisconsin Retirement Fund as of April 1, 1978. Village contributions to the fund during 2012 was \$59,149 for four (4) retirees. The cost of estimated future payments, based on mortality tables, is \$288,933.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE IV – OTHER INFORMATION (continued)

B. OTHER POSTEMPLOYMENT BENEFITS

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

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

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

For 2012, total contributions to the plan were \$212,338. Of this amount, \$88,131 was payments made by the Village and the remainder of the total contributions were from member contributions and implicit rate subsidy.

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

Annual required contribution	\$ 207,962
Interest on net OPEB obligation	33,758
Adjustment to annual required contribution	<u>(30,801)</u>
Annual OPEB cost (expense)	210,919
Contributions made	<u>(212,338)</u>
Increase in net OPEB liability	(1,419)
Net OPEB Liability - Beginning of Year	<u>675,158</u>
Net OPEB Liability - End of Year	<u>\$ 673,739</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (continued)

B. 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 the last three years were as follows:

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

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)	\$4,828,912
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 multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (continued)

B. 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, 2012 is 30 years.

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

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

C. JOINT VENTURES

North Shore Public Safety Communications Commission

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

During 2011, the NSPSCC signed a ten year agreement with the Village of Bayside which specifies that Bayside will provide dispatching services for the NSPSCC during the term of the agreement. 2012 was the first year that service was provided under this agreement. For 2012, the Village's financial responsibility towards this service was made up of \$179,191 towards a new combined dispatching facility and equipment, annual operational costs of \$304,800, and approximately \$88,500 in transition costs. The agreement limits annual operational cost increases to the lesser of the increase in the consumer price index or the State imposed levy limit plus any non-personnel contractual obligations. It is expected that the Village's future contributions will be similar to the annual operational costs incurred in 2012, plus annual capital contributions between \$13,750 and \$49,269. The Village's total contributions towards this service are estimated at \$310,735 in 2013. The Village believes that the commission will continue to provide these services in the future at similar rates.

Financial information of the NSPSCC as of December 31, 2012 is available directly from the NSPSCC's office.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (continued)

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

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

The Village accounts for its share of the operations of the NSFD in the General Fund and the Capital Projects Fund. The Village's share of operations for 2012 was \$1,988,526 and \$164,070 for capital purchases. The Village believes that the NSFD will continue to provide these services in the future at similar rates.

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

North Shore Health Department

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

NSHD costs are allocated to individual communities based on a formula incorporating direct hours used and population. The Village paid \$128,400 to NSHD for 2012 service. The Village believes that the NSHD will continue to provide these services in the future at similar rates.

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

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (continued)

D. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

E. COMMITMENTS AND CONTINGENCIES

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

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

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

The Village entered into a developer agreement which calls for a loan and grant totaling \$8.75 million. This agreement calls for the developer to construct an 84 unit apartment building with 18,700 square feet in retail space and approximately 320 parking spaces, within a parking garage and in underground parking. Approximately \$3.16 million of this was disbursed during 2012. Additional payments are due as the project is completed. Construction on the project began in 2012 and will continue through 2013 or 2014. The funding for the loan and grant was provided in 2012 through debt issuances and is shown as restricted cash within TID No. 4.

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS
As of and For the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (continued)

F. RESTATEMENT OF NET POSITION AND FUND BALANCES

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented by the Village effective January 1, 2012. This statement requires that debt issuance costs be expenses in the period incurred. These costs were previously required to be capitalized. This change in accounting principal requires the following restatement of net position. The details of this restatement are as follows:

Net Position	Governmental			Business-Type
	Activities	Water Utility	Sewer Utility	Activities
As previously reported	\$ 6,789,226	\$ 1,274,372	\$ 5,315,278	\$ 7,403,508
Unamortized debt issuance costs as of December 31, 2011	(188,472)	(17,850)	(34,662)	(52,512)
Net Position as Restated	<u>\$ 6,600,754</u>	<u>\$ 1,256,522</u>	<u>\$ 5,280,616</u>	<u>\$ 7,350,996</u>

The 2011 governmental fund financial statements included accruals for compensated absences. The governmental fund financial statements should include an accrual for compensated absences that have matured and are expected to be liquidated with current financial resources. The unmatured portion of these liabilities is considered to be a general long-term liability and should not have been reported as a liability of the governmental funds. Beginning fund balance has been restated for this correction as follows:

Fund Balance	General Fund	Library	Senior Services	Total
				Nonmajor Funds
As previously reported	\$ 5,504,878	\$ 256,293	\$ 1,307	\$ 45,811
Long-term compensated absences as of December 31, 2011	128,935	14,327	1,927	16,254
Fund Balance as Restated	<u>\$ 5,633,813</u>	<u>\$ 270,620</u>	<u>\$ 3,234</u>	<u>\$ 62,065</u>

VILLAGE OF SHOREWOOD

NOTES TO FINANCIAL STATEMENTS As of and For the Year Ended December 31, 2012

NOTE IV - OTHER INFORMATION (continued)

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

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

- Statement No. 66, *Technical Corrections – 2013 – an Amendment of GASB Statements No. 10 and No. 62*, issued March 2013. 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. This statement is effective for fiscal years beginning after December 15, 2012.
- Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, issued June 2012. This statement establishes the financial reporting and disclosure requirements related to pensions. This guidance primarily provides regulations for the entity providing a trust arrangement for other governments or for individual pension plans. This statement is effective for fiscal years beginning after June 15, 2013.
- Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, issued June 2012, which provides guidance related to pensions for governments whose employees are provided with pensions administered through a trust arrangement. This statement is effective for fiscal years beginning after June 15, 2014.
- Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013. This statement provides guidance on classifying government combinations as mergers, acquisitions, or transfers and disposals of operations and provides accounting, financial reporting and disclosure requirements for these transactions. This statement is effective for fiscal years beginning after December 15, 2013.

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

REQUIRED
SUPPLEMENTARY
INFORMATION

VILLAGE OF SHOREWOOD

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

For the Year Ended December 31, 2012

(continued)

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 6,414,421	\$ 6,414,421	\$ -
Intergovernmental	925,410	959,655	34,245
Licenses and permits	464,200	575,283	111,083
Fines	545,570	518,088	(27,482)
Charges for services	217,920	146,381	(71,539)
Investment income	150,000	124,035	(25,965)
Other revenues	63,644	89,512	25,868
TOTAL REVENUES	<u>8,781,165</u>	<u>8,827,375</u>	<u>46,210</u>
EXPENDITURES			
General Government			
Board	23,446	18,967	4,479
Court	95,135	89,021	6,114
Manager	247,684	224,500	23,184
Clerk/treasurer	254,284	258,481	(4,197)
Customer service	121,886	120,385	1,501
Finance	142,969	131,713	11,256
Village hall shared building	25,960	25,045	915
Other general administration	163,592	173,165	(9,573)
Total General Government	<u>1,074,956</u>	<u>1,041,277</u>	<u>33,679</u>
Public Safety			
Police department	3,695,470	3,530,552	164,918
Planning and building inspection	396,287	352,252	44,035
Fire and other public safety	2,700,848	2,767,938	(67,090)
Total Public Safety	<u>6,792,605</u>	<u>6,650,742</u>	<u>141,863</u>
Public Works			
Public works administration	599,970	620,641	(20,671)
Building maintenance	163,460	143,027	20,433
Municipal garage	302,565	268,569	33,996
Street and alley	59,466	34,869	24,597
Street sweeping	9,416	18,844	(9,428)
Street lighting	133,909	169,521	(35,612)
Street signals	31,645	31,175	470

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, 2012

(concluded)

	Original and Final Budget	Actual	Variance with Final Budget
Street marking	\$ 14,578	\$ 18,042	\$ (3,464)
Winter maintenance	111,895	57,923	53,972
Refuse disposal	318,871	279,571	39,300
Recycling	182,149	154,084	28,065
Yard waste/leaf collection	65,857	75,899	(10,042)
Total Public Works	<u>1,993,781</u>	<u>1,872,165</u>	<u>121,616</u>
Health Department	<u>161,907</u>	<u>164,235</u>	<u>(2,328)</u>
Culture and Recreation			
Parks and beautification	146,235	121,855	24,380
Village center	7,647	6,561	1,086
Atwater beach	44,783	24,041	20,742
Celebrations	25,143	56,556	(31,413)
Total Culture and Recreation	<u>223,808</u>	<u>209,013</u>	<u>14,795</u>
Conservation and Development			
Forestry	<u>125,259</u>	<u>159,506</u>	<u>(34,247)</u>
Total Conservation and Development	<u>125,259</u>	<u>159,506</u>	<u>(34,247)</u>
TOTAL EXPENDITURES	<u>10,372,316</u>	<u>10,096,938</u>	<u>275,378</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(1,591,151)</u>	<u>(1,269,563)</u>	<u>321,588</u>
OTHER FINANCING SOURCES (USES)			
General obligation debt issued	1,460,298	-	(1,460,298)
Transfers in	112,100	177,852	65,752
Transfers out	(77,555)	(87,344)	(9,789)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,494,843</u>	<u>90,508</u>	<u>(1,404,335)</u>
Net Change in Fund Balance	<u>\$ (96,308)</u>	<u>(1,179,055)</u>	<u>\$ (1,082,747)</u>
FUND BALANCES - BEGINNING OF YEAR (RESTATED)		<u>5,633,813</u>	
FUND BALANCES - END OF YEAR		<u>\$ 4,454,758</u>	

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

VILLAGE OF SHOREWOOD

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

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

01/01/07	\$ -	\$ 4,446,000	\$ 4,446,000	0%	\$ 4,343,601	102%
01/01/11	-	1,923,136	1,923,136	0%	4,828,912	40%

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

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

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

VILLAGE OF SHOREWOOD

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

As of and For the Year Ended December 31, 2012

Budgetary Information

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

Excess expenditures over appropriations are as follows:

<u>General Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess</u>
Clerk/treasurer	\$ 254,284	\$ 258,481	\$ 4,197
Other general administration	163,592	173,165	9,573
Fire and other public safety	2,700,848	2,767,938	67,090
Public works administration	599,970	620,641	20,671
Street sweeping	9,416	18,844	9,428
Street lighting	133,909	169,521	35,612
Street marking	14,578	18,042	3,464
Yard waste/leaf collection	65,857	75,899	10,042
Health	161,907	164,235	2,328
Celebrations	25,143	56,556	31,413
Forestry	125,259	159,506	34,247
Transfers out	77,555	87,344	9,789

See independent auditors' report

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SUPPLEMENTARY
INFORMATION

VILLAGE OF SHOREWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2012

	Special Revenue Funds			
	Library	Police Special Funds	Health Special Funds	Shorewood Today
ASSETS				
Cash and cash equivalents	\$ 666,333	\$ 9,670	\$ -	\$ 4,342
Taxes receivable	311,225	-	-	1,786
Accounts receivable	-	160	-	1,567
Due from other governments	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	<u>\$ 977,558</u>	<u>\$ 9,830</u>	<u>\$ -</u>	<u>\$ 7,695</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 29,416	\$ 325	\$ -	\$ -
Accrued liabilities	15,369	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>44,785</u>	<u>325</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Taxes levied for subsequent year's budget	784,205	-	-	4,500
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>784,205</u>	<u>-</u>	<u>-</u>	<u>4,500</u>
Fund Balances (Deficits)				
Nonspendable - prepaids	-	-	-	-
Restricted				
Police grants	-	5,488	-	-
Library Auermiller donation	23,735	-	-	-
Committed	-	4,017	-	3,195
Assigned	124,833	-	-	-
Unassigned (deficit)	-	-	-	-
Total Fund Balances (Deficit)	<u>148,568</u>	<u>9,505</u>	<u>-</u>	<u>3,195</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 977,558</u>	<u>\$ 9,830</u>	<u>\$ -</u>	<u>\$ 7,695</u>

Special Revenue Funds		Capital Projects	Total
Senior Services	Marketing Shorewood	Fund TID No. 3	Nonmajor Governmental Funds
\$ 56,469	\$ 28,403	\$ -	\$ 765,217
34,360	13,890	-	361,261
-	-	-	1,727
10,613	-	-	10,613
565	-	-	565
<u>\$ 102,007</u>	<u>\$ 42,293</u>	<u>\$ -</u>	<u>\$ 1,139,383</u>
\$ 5,095	\$ 1,954	\$ 142	\$ 36,932
1,359	-	-	16,728
-	-	160,893	160,893
<u>6,454</u>	<u>1,954</u>	<u>161,035</u>	<u>214,553</u>
86,578	35,000	-	910,283
10,613	-	-	10,613
<u>97,191</u>	<u>35,000</u>	<u>-</u>	<u>920,896</u>
565	-	-	565
-	-	-	5,488
-	-	-	23,735
-	5,339	-	12,551
-	-	-	124,833
<u>(2,203)</u>	<u>-</u>	<u>(161,035)</u>	<u>(163,238)</u>
<u>(1,638)</u>	<u>5,339</u>	<u>(161,035)</u>	<u>3,934</u>
<u>\$ 102,007</u>	<u>\$ 42,293</u>	<u>\$ -</u>	<u>\$ 1,139,383</u>

VILLAGE OF SHOREWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2012

	Special Revenue Funds			
	Library	Police Special Funds	Health Special Funds	Shorewood Today
REVENUES				
Taxes	\$ 784,205	\$ -	\$ -	\$ 4,500
Intergovernmental	80,228	11,706	31,681	-
Charges for services	50,577	820	-	48,479
Investment income	119	-	-	-
Other revenues	9,100	-	-	-
Total Revenues	<u>924,229</u>	<u>12,526</u>	<u>31,681</u>	<u>52,979</u>
EXPENDITURES				
Current				
General government	-	-	-	54,370
Public safety	-	8,839	-	-
Health and social services	-	-	-	-
Culture and recreation	869,568	-	-	-
Conservation and development	-	-	-	-
Capital Outlay	147,578	8,335	-	-
Debt Service				
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,017,146</u>	<u>17,174</u>	<u>-</u>	<u>54,370</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(92,917)</u>	<u>(4,648)</u>	<u>31,681</u>	<u>(1,391)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,048	-	4,500
Transfers out	<u>(29,135)</u>	<u>-</u>	<u>(14,886)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(29,135)</u>	<u>5,048</u>	<u>(14,886)</u>	<u>4,500</u>
Net Change in Fund Balance	<u>(122,052)</u>	<u>400</u>	<u>16,795</u>	<u>3,109</u>
FUND BALANCES (DEFICIT) - Beginning of Year	<u>270,620</u>	<u>9,105</u>	<u>(16,795)</u>	<u>86</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 148,568</u>	<u>\$ 9,505</u>	<u>\$ -</u>	<u>\$ 3,195</u>

<u>Special Revenue Funds</u>			<u>Total</u>	
<u>Senior</u>	<u>Marketing</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	
<u>Services</u>	<u>Shorewood</u>	<u>Fund</u>	<u>Governmental</u>	
		<u>TID No. 3</u>	<u>Funds</u>	
\$ 85,396	\$ 35,000	\$ -	\$ 909,101	
-	-	18,615	142,230	
35,518	15,000	61,347	211,741	
-	-	-	119	
<u>32,460</u>	<u>33,989</u>	<u>-</u>	<u>75,549</u>	
<u>153,374</u>	<u>83,989</u>	<u>79,962</u>	<u>1,338,740</u>	
-	91,778	-	146,148	
-	-	-	8,839	
158,246	-	-	158,246	
-	-	-	869,568	
-	-	3,262	3,262	
-	-	-	155,913	
-	-	39	39	
<u>158,246</u>	<u>91,778</u>	<u>3,301</u>	<u>1,342,015</u>	
<u>(4,872)</u>	<u>(7,789)</u>	<u>76,661</u>	<u>(3,275)</u>	
-	12,000	-	21,548	
-	(4,500)	(27,883)	(76,404)	
-	7,500	(27,883)	(54,856)	
(4,872)	(289)	48,778	(58,131)	
<u>3,234</u>	<u>5,628</u>	<u>(209,813)</u>	<u>62,065</u>	
<u>\$ (1,638)</u>	<u>\$ 5,339</u>	<u>\$ (161,035)</u>	<u>\$ 3,934</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, 2012

(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	79,876	80,228	352	3,630	11,706	8,076
Charges for services	55,000	50,577	(4,423)	11,150	820	(10,330)
Investment income	-	119	119	-	-	-
Other revenues	5,600	9,100	3,500	520	-	(520)
Total Revenues	<u>924,681</u>	<u>924,229</u>	<u>(452)</u>	<u>15,300</u>	<u>12,526</u>	<u>(2,774)</u>
EXPENDITURES						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	30,150	8,839	21,311
Health and social services	-	-	-	-	-	-
Culture and recreation	918,081	869,568	48,513	-	-	-
Conservation and development	-	-	-	-	-	-
Capital Outlay	-	147,578	(147,578)	-	8,335	(8,335)
Total Expenditures	<u>918,081</u>	<u>1,017,146</u>	<u>(99,065)</u>	<u>30,150</u>	<u>17,174</u>	<u>12,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,600</u>	<u>(92,917)</u>	<u>(99,517)</u>	<u>(14,850)</u>	<u>(4,648)</u>	<u>10,202</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	5,048	5,048
Transfers out	(6,600)	(29,135)	(22,535)	-	-	-
Total Other Financing Sources (Uses)	<u>(6,600)</u>	<u>(29,135)</u>	<u>(22,535)</u>	<u>-</u>	<u>5,048</u>	<u>5,048</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(122,052)</u>	<u>\$ (122,052)</u>	<u>\$ (14,850)</u>	<u>400</u>	<u>\$ 15,250</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR (RESTATED)		<u>270,620</u>			<u>9,105</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 148,568</u>			<u>\$ 9,505</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, 2012

(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	-	31,681	31,681	-	-	-
Charges for services	-	-	-	42,390	48,479	6,089
Investment income	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total Revenues	-	31,681	31,681	46,890	52,979	6,089
EXPENDITURES						
Current						
General government	-	-	-	48,277	54,370	(6,093)
Public safety	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	-	-	-	48,277	54,370	(6,093)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	31,681	31,681	(1,387)	(1,391)	(4)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	4,500	4,500	-
Transfers out	-	(14,886)	(14,886)	-	-	-
Total Other Financing Sources (Uses)	-	(14,886)	(14,886)	4,500	4,500	-
Net Change in Fund Balance	\$ -	16,795	\$ 16,795	\$ 3,113	3,109	\$ (4)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR (RESTATED)		(16,795)			86	
FUND BALANCES (DEFICIT) - END OF YEAR		\$ -			\$ 3,195	

VILLAGE OF SHOREWOOD

SPECIAL REVENUE FUNDS
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For the Year Ended December 31, 2012

(concluded)

	Senior Services			Marketing Shorewood		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 85,396	\$ 85,396	\$ -	\$ 35,000	\$ 35,000	\$ -
Intergovernmental	9,242	-	(9,242)	-	-	-
Charges for services	38,968	35,518	(3,450)	15,000	15,000	-
Investment income	-	-	-	-	-	-
Other revenues	28,489	32,460	3,971	-	33,989	33,989
Total Revenues	162,095	153,374	(8,721)	50,000	83,989	33,989
EXPENDITURES						
Current						
General government	-	-	-	55,500	91,778	(36,278)
Public safety	-	-	-	-	-	-
Health and social services	162,095	158,246	3,849	-	-	-
Culture and recreation	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	162,095	158,246	3,849	55,500	91,778	(36,278)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(4,872)	(4,872)	(5,500)	(7,789)	(2,289)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	10,000	12,000	2,000
Transfers out	-	-	-	(4,500)	(4,500)	-
Total Other Financing Sources (Uses)	-	-	-	5,500	7,500	2,000
Net Change in Fund Balance	\$ -	(4,872)	\$ (4,872)	\$ -	(289)	\$ (289)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR (RESTATED)		3,234			5,628	
FUND BALANCES (DEFICIT) - END OF YEAR		\$ (1,638)			\$ 5,339	

VILLAGE OF SHOREWOOD

DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2012

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 1,258,424	\$ 1,258,424	\$ -
Intergovernmental	53,664	53,664	-
Investment income	1,000	2,443	1,443
Total Revenues	<u>1,313,088</u>	<u>1,314,531</u>	<u>1,443</u>
EXPENDITURES			
Debt Service			
Principal retirement	1,562,744	1,562,744	-
Interest and fiscal charges	826,280	992,043	(165,763)
Total Expenditures	<u>2,389,024</u>	<u>2,554,787</u>	<u>(165,763)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,075,936)</u>	<u>(1,240,256)</u>	<u>(164,320)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,065,936</u>	<u>1,266,935</u>	<u>200,999</u>
Total Other Financing Sources (Uses)	<u>1,065,936</u>	<u>1,266,935</u>	<u>200,999</u>
Net Change in Fund Balance	<u>\$ (10,000)</u>	26,679	<u>\$ 36,679</u>
FUND BALANCE - BEGINNING OF YEAR		<u>18,272</u>	
FUND BALANCE - END OF YEAR		<u>\$ 44,951</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, 2012

(continued)

	General Capital Projects			TID No. 1		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 301,303	\$ 301,303	\$ -	\$ 1,361,260	\$ 3,239,651	\$ 1,878,391
Intergovernmental	280,165	558,072	277,907	24,500	25,177	677
Charges for services	-	97,110	97,110	300	300	-
Investment income	-	11,462	11,462	5,000	32,840	27,840
Other Income	-	30,082	30,082	-	14,092	14,092
Total Revenues	<u>581,468</u>	<u>998,029</u>	<u>386,479</u>	<u>1,391,060</u>	<u>3,312,060</u>	<u>1,906,908</u>
EXPENDITURES						
Current						
Conservation and development	-	-	-	437,690	867,745	(430,055)
Capital Outlay	4,437,701	3,484,003	953,698	-	142,351	(142,351)
Debt Service						
Principal retirement	-	57,638	(57,638)	-	-	-
Interest and fiscal charges	60,000	36,679	23,321	300	12,608	(12,308)
Total Expenditures	<u>4,497,701</u>	<u>3,578,320</u>	<u>919,381</u>	<u>437,990</u>	<u>1,022,704</u>	<u>(584,714)</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(3,916,233)</u>	<u>(2,580,291)</u>	<u>1,305,860</u>	<u>953,070</u>	<u>2,289,356</u>	<u>1,322,194</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the sale of capital assets	-	41,889	41,889	-	-	-
General obligation debt issued	1,740,000	3,055,000	1,315,000	-	1,010,000	1,010,000
Premium on bonds issued	-	54,879	54,879	-	18,143	18,143
Transfers in	176,055	82,296	(93,759)	-	-	-
Transfers out	-	(35,365)	(35,365)	(1,048,053)	(1,050,038)	(1,985)
Total Other Financing Sources (Uses)	<u>1,916,055</u>	<u>3,198,699</u>	<u>1,282,644</u>	<u>(1,048,053)</u>	<u>(21,895)</u>	<u>1,026,158</u>
Net Change in Fund Balance	<u>\$(2,000,178)</u>	<u>618,408</u>	<u>\$ 2,588,504</u>	<u>\$ (94,983)</u>	<u>2,267,461</u>	<u>\$ 2,348,352</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>1,030,907</u>			<u>2,134,313</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ 1,649,315</u>			<u>\$ 4,401,774</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, 2012

(concluded)

	TID No. 3			TID No. 4		
	Original and Final Budget	Actual	Variance with Final Budget	Original and Final Budget	Actual	Variance with Final Budget
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,100	18,615	515	-	-	-
Charges for services	-	61,347	61,347	-	-	-
Investment income	-	-	-	-	87,937	87,937
Other revenues	-	-	-	-	80,000	80,000
Total Revenues	<u>18,100</u>	<u>79,962</u>	<u>61,862</u>	<u>-</u>	<u>167,937</u>	<u>167,937</u>
EXPENDITURES						
Current						
Conservation and development	600	3,262	(2,662)	15,000	76,507	(61,507)
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	39	(39)	-	213,609	(213,609)
Total Expenditures	<u>600</u>	<u>3,301</u>	<u>(2,701)</u>	<u>15,000</u>	<u>290,116</u>	<u>(275,116)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,500</u>	<u>76,661</u>	<u>59,161</u>	<u>(15,000)</u>	<u>(122,179)</u>	<u>(107,179)</u>
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	-	-	-	-	8,155,000	8,155,000
Premium on bonds issued	-	-	-	-	47,976	47,976
Transfers in	-	-	-	-	-	-
Transfers out	(27,883)	(27,883)	-	-	(165,649)	(165,649)
Total Other Financing Sources (Uses)	<u>(27,883)</u>	<u>(27,883)</u>	<u>-</u>	<u>-</u>	<u>8,037,327</u>	<u>8,037,327</u>
Net Change in Fund Balance	<u>\$ (10,383)</u>	<u>48,778</u>	<u>\$ 59,161</u>	<u>\$ (15,000)</u>	<u>7,915,148</u>	<u>\$ 7,930,148</u>
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR		<u>(209,813)</u>			<u>(269,294)</u>	
FUND BALANCES (DEFICIT) - END OF YEAR		<u>\$ (161,035)</u>			<u>\$ 7,645,854</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	Pages
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 POSITION BY COMPONENT
Last Ten Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Net investment in capital assets	\$ (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	\$ 13,704,213
Restricted	454,605	304,130	122,083	255,592	301,659	278,015	293,931	275,034	35,313	29,223
Unrestricted	(1,489,766)	(1,204,826)	(1,688,464)	470,676	(363,576)	147,553	(121,232)	(2,785,493)	(6,299,993)	(7,070,065)
Total	(2,372,082)	(1,385,066)	(320,796)	8,794,689	11,722,415	11,902,711	12,218,627	9,292,757	6,789,226	6,663,371
Business-Type Activities										
Net investment in capital assets	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	8,271,762
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	500,857	677,868	225,769	1,199,873	825,750	257,910	208,047	(686,652)	(439,907)	(951,552)
Total	6,914,412	7,130,300	7,044,113	6,997,708	5,839,709	5,439,573	5,054,284	4,802,133	7,403,508	7,320,210
Primary Government										
Net investment in capital assets	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	20,207,996
Restricted	454,605	304,130	122,083	255,592	301,659	278,015	293,931	275,034	35,313	29,223
Unrestricted	(988,909)	(526,958)	(1,462,695)	1,670,549	462,174	405,463	86,815	(3,472,145)	(6,739,900)	(6,253,638)
Total	\$ 4,542,330	\$ 5,745,234	\$ 6,723,317	\$ 15,792,397	\$ 17,562,124	\$ 17,342,284	\$ 17,272,911	\$ 14,094,890	\$ 14,192,734	\$ 13,983,581

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

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(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
Public works	384,644	365,057	386,412	398,251	412,820
Health and social services	1,708,530	1,874,277	1,868,372	2,125,794	2,796,785
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 Expenses	<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:					
Parking	114,864	124,965	125,749	148,956	155,513
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
Total Business-Type Activities Expenses	<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 Expenses	<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 POSITION
Last Ten Years

(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 Expenses	<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 Position					
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
Special item	-	-	-	-	-
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 Position					
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) Past year's revenues and expenses have not been adjusted for restatements or reclassifications made in future years.

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(continued)

	Fiscal Year				
	2008	2009	2010	2011	2012
Expenses					
Governmental Activities:					
General government	\$ 1,074,631	\$ 1,144,251	\$ 1,207,164	\$ 1,176,140	\$ 1,305,008
Public safety	5,886,599	6,031,982	6,090,227	6,855,057	6,988,644
Public works	429,456	504,886	5,489,734	4,146,710	3,422,047
Health and social services	3,483,305	3,314,720	367,852	363,298	299,287
Culture and recreation	1,958,092	1,184,539	1,346,194	1,712,091	1,283,662
Conservation and development	857,009	1,631,759	2,528,039	2,285,189	1,110,846
Interest and fiscal charges	725,962	712,583	848,052	884,021	1,367,838
Total Government Activities Expenses	<u>14,415,054</u>	<u>14,524,720</u>	<u>17,877,262</u>	<u>17,422,506</u>	<u>15,777,332</u>
Business-Type Activities:					
Parking	162,030	159,878	171,855	214,358	184,432
Water Utility	1,058,469	1,125,213	1,179,876	1,287,836	1,390,015
Sewer Utility	1,226,171	1,308,994	1,309,817	1,675,352	1,624,196
Total Business-Type Activities Expenses	<u>2,446,670</u>	<u>2,594,085</u>	<u>2,661,548</u>	<u>3,177,546</u>	<u>3,198,643</u>
Total Primary Government Expenses	<u>16,861,724</u>	<u>17,118,805</u>	<u>20,538,810</u>	<u>20,600,052</u>	<u>18,975,975</u>
Program Revenues					
Governmental Activities:					
Charges for services	1,252,065	1,225,630	1,169,641	1,271,890	1,319,962
Operating grants and contributions	699,950	912,109	996,816	1,089,423	1,025,336
Capital grants and contributions	63,496	428,538	518,409	1,035,176	200,913
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>	<u>2,546,211</u>
Business-Type Activities:					
Charges for services	2,110,966	2,286,517	2,377,259	2,900,918	3,286,396
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	11,886	1,580,988	275,000
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>	<u>3,561,396</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>	<u>6,107,607</u>

VILLAGE OF SHOREWOOD

CHANGES IN NET POSITION
Last Ten Years

(concluded)

	Fiscal Year				
	2008	2009	2010	2011	2012
Net (Expense)/Revenue					
Governmental Activities	\$ (12,399,543)	\$ (11,958,443)	\$ (15,192,396)	\$ (14,026,017)	\$ (13,231,121)
Business-Type Activities	(335,704)	(307,568)	(272,403)	1,304,360	362,753
Total Primary Government Net Expenses	<u>(12,735,247)</u>	<u>(12,266,011)</u>	<u>(15,464,799)</u>	<u>(12,721,657)</u>	<u>(12,868,368)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes	11,065,709	10,941,896	11,074,984	11,526,622	12,122,900
Intergovernmental revenues not restricted to specific programs	724,684	779,829	669,473	662,114	590,495
Investment income	463,533	93,157	205,858	160,354	246,596
Miscellaneous	243,211	373,436	327,509	299,913	173,987
Transfers	<u>82,702</u>	<u>86,041</u>	<u>(11,298)</u>	<u>(1,126,517)</u>	<u>159,760</u>
Total Governmental Activities	<u>12,579,839</u>	<u>12,274,359</u>	<u>12,266,526</u>	<u>11,522,486</u>	<u>13,293,738</u>
Business-Type Activities:					
Intergovernmental revenues not restricted to specific programs	-	-	-	158,800	53,994
Investment income	18,270	8,320	8,954	11,698	12,227
Special item	-	-	-	-	(300,000)
Transfers	<u>(82,702)</u>	<u>(86,041)</u>	<u>11,298</u>	<u>1,126,517</u>	<u>(159,760)</u>
Total Business-Type Activities	<u>(64,432)</u>	<u>(77,721)</u>	<u>20,252</u>	<u>1,297,015</u>	<u>(393,539)</u>
Total Primary Government	<u>12,515,407</u>	<u>12,196,638</u>	<u>12,286,778</u>	<u>12,819,501</u>	<u>12,900,199</u>
Change in Net Position					
Governmental Activities	180,296	315,916	(2,925,870)	(2,503,531)	62,617
Business-Type Activities	(400,136)	(385,289)	(252,151)	2,601,375	(30,786)
Total Primary Government	<u>\$ (219,840)</u>	<u>\$ (69,373)</u>	<u>\$ (3,178,021)</u>	<u>\$ 97,844</u>	<u>\$ 31,831</u>

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

VILLAGE OF SHOREWOOD

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 1,030,755	\$ 880,956	\$ 944,491	\$ 378,625	\$ 440,899	\$ 433,618	\$ 2,166,874	\$ 1,340,238	\$ -	\$ -
Unreserved	4,452,585	4,324,970	4,267,585	5,075,774	5,129,507	4,981,937	2,905,259	3,643,558	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,193,705	889,565
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	124,410	118,264
Assigned	-	-	-	-	-	-	-	-	441,399	444,898
Unassigned	-	-	-	-	-	-	-	-	3,745,364	3,002,031
Total General Fund	<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>	<u>4,454,758</u>
All Other Governmental Funds										
Reserved	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	133,650	209,063	335,826	516,894	593,378	576,808	828,547	616,708	-	-
Capital projects funds	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	1,660
Restricted	-	-	-	-	-	-	-	-	2,964,160	13,477,045
Committed	-	-	-	-	-	-	-	-	10,201	12,551
Assigned	-	-	-	-	-	-	-	-	456,486	417,810
Unassigned (deficit)	-	-	-	-	-	-	-	-	(495,902)	(163,238)
Total	<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>	<u>13,745,828</u>
Total Fund Balances	<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>	<u>\$ 18,200,586</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				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$ 8,964,311	\$ 9,351,448	\$ 9,691,174	\$ 10,188,414	\$ 10,519,010
Intergovernmental revenue	1,672,596	1,591,505	1,650,823	1,641,700	1,620,241
Regulation and compliance	348,505	346,580	973,148	1,031,562	1,071,156
Fines	-	-	-	-	-
Charges for services	442,534	495,155	265,336	266,611	286,600
Special assessments	276,740	273,814	29,791	43,965	59,075
Investment income	992,511	122,499	490,256	632,220	742,491
Other revenues	264,739	356,625	201,291	169,254	238,288
Total Revenues	<u>12,961,936</u>	<u>12,537,626</u>	<u>13,301,819</u>	<u>13,973,726</u>	<u>14,536,861</u>
Expenditures					
Current					
General government	1,472,361	1,744,023	1,674,111	1,338,953	1,386,829
Public safety	5,209,835	5,275,675	5,253,464	5,426,565	5,635,635
Public works	1,597,856	1,645,801	1,730,542	1,654,596	1,848,499
Health and social services	401,522	382,344	372,783	450,327	424,026
Culture and recreation	815,387	847,960	857,392	897,602	1,076,822
Conservation and development	106,389	80,101	99,185	119,366	208,479
Capital Outlay	2,203,136	1,033,777	1,651,450	2,255,272	3,277,009
Debt Service					
Principal	899,150	1,056,167	6,375,504	1,090,869	1,317,997
Interest and fiscal charges	<u>774,027</u>	<u>639,205</u>	<u>610,394</u>	<u>686,920</u>	<u>674,655</u>
Total Expenditures	<u>13,479,663</u>	<u>12,705,053</u>	<u>18,624,825</u>	<u>13,920,470</u>	<u>15,849,951</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(517,727)	(167,427)	(5,323,006)	53,256	(1,313,090)
Other Financing Sources (Uses)					
Transfers in	1,929,926	1,841,602	7,054,068	1,742,323	1,903,119
Transfers out	(1,868,074)	(1,778,905)	(6,991,800)	(1,667,389)	(1,824,544)
General obligation debt issued	5,270,000	133,000	5,735,035	920,000	
Premium on bonds issued	10,179	-	-	-	-
Insurance recoveries	-	-	-	-	-
Payment on current refunding	-	-	-	-	-
Payment on advanced refunding	-	-	-	-	-
Payment of unfunded pension liability	-	-	(997,500)	-	-
Sale of property	<u>3,018</u>	<u>18,141</u>	<u>12,048</u>	<u>17,116</u>	<u>40,122</u>
Total Other Financing Sources (Uses)	<u>5,345,049</u>	<u>213,838</u>	<u>4,811,851</u>	<u>1,012,050</u>	<u>118,697</u>
Net Change in Fund Balances	<u>\$ 4,827,322</u>	<u>\$ 46,411</u>	<u>\$ (511,155)</u>	<u>\$ 1,065,306</u>	<u>\$ (1,194,393)</u>
Debt Service as a percentage					
of noncapital expenditures	13.17%	13.63%	39.84%	14.20%	15.27%

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				
	2008	2009	2010	2011	2012
Revenues					
Taxes	\$ 11,065,709	\$ 10,941,896	\$ 11,074,984	\$ 11,526,622	\$ 12,122,900
Intergovernmental revenue	1,577,672	1,859,463	1,784,758	1,819,587	1,738,798
Regulation and compliance	989,596	1,064,019	964,736	984,511	575,283
Fines	-	-	-	-	518,088
Charges for services	291,119	258,983	405,484	461,831	455,532
Special assessments	36,255	46,324	59,798	-	-
Investment income	463,532	93,155	191,674	154,326	258,836
Other revenues	216,079	432,380	261,624	173,457	289,235
Total Revenues	14,639,962	14,696,220	14,743,058	15,120,334	15,958,672
Expenditures					
Current					
General government	1,388,318	1,050,805	1,075,355	1,017,937	1,187,425
Public safety	5,727,558	5,872,096	6,155,896	6,654,552	6,659,581
Public works	2,005,840	1,882,244	1,877,680	1,998,131	1,872,165
Health and social services	458,895	529,898	381,643	378,314	322,481
Culture and recreation	1,085,955	1,254,578	1,401,219	1,216,690	1,078,581
Conservation and development	364,120	1,631,759	2,528,039	2,281,372	1,107,020
Capital Outlay	4,742,289	1,345,103	3,984,888	5,301,464	3,782,267
Debt Service					
Principal	2,975,419	1,089,495	1,183,677	1,283,566	1,620,382
Interest and fiscal charges	867,219	702,064	1,014,068	962,548	1,254,978
Total Expenditures	19,615,613	15,358,042	19,602,465	21,094,574	18,884,880
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(4,975,651)	(661,822)	(4,859,407)	(5,974,240)	(2,926,208)
Other Financing Sources (Uses)					
Transfers in	3,046,071	1,509,498	1,426,370	1,335,181	1,548,631
Transfers out	(2,963,369)	(1,423,457)	(1,329,204)	(1,237,860)	(1,414,800)
General obligation debt issued	5,260,000	-	8,461,554	6,390,000	12,220,000
Premium on bonds issued	-	-	-	113,680	120,998
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	21,139	-	7,876	3,142	41,889
Total Other Financing Sources (Uses)	5,363,841	86,041	7,149,909	4,176,828	12,516,718
Net Change in Fund Balances	\$ 388,190	\$ (575,781)	\$ 2,290,502	\$ (1,797,412)	\$ 9,590,510
Debt Service as a percentage of noncapital expenditures	24.03%	12.41%	11.92%	11.97%	17.46%

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

VILLAGE OF SHOREWOOD

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
For Valuation Years 2003 to 2012

Valuation Year	Collection Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Taxable Equalized Value	Ratio of Assessed to Equalized Value
2003	2004	\$ 782,257,600	\$ 171,258,400	\$ -	\$ 8,668,090	\$ 962,184,090	\$ 8.62	\$ 1,182,104,600	81.40%
2004	2005	791,821,400	164,949,700	-	6,845,140	963,616,240	8.82	1,269,237,700	75.92%
2005	2006	809,778,400	164,086,400	-	9,225,990	983,090,790	8.84	1,386,844,700	70.89%
2006	2007	817,380,700	164,896,700	-	7,764,110	990,041,510	9.02	1,458,604,600	67.88%
2007	2008	1,240,704,200	239,535,600	-	13,215,340	1,493,455,140	6.19	1,497,125,900	99.75%
2008	2009	1,248,790,400	239,476,500	-	12,139,780	1,500,406,680	6.40	1,492,579,200	100.52%
2009	2010	1,252,323,700	239,948,000	-	11,166,646	1,503,438,346	6.60	1,525,289,600	98.57%
2010	2011	1,248,898,500	230,760,300	-	9,391,001	1,489,049,801	6.83	1,437,686,900	103.57%
2011	2012	1,245,011,200	234,660,300	-	9,041,500	1,488,713,000	5.97	1,419,303,600	104.89%
2012	2013	1,239,108,900	229,699,100	-	10,394,300	1,479,202,300	7.86	1,300,467,300	113.74%

Source: Wisconsin Department of Revenue

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

To aid in the review of assessed values, the 2012 values which are used for revenue collected in 2013 are also shown above.

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

The Village does not have any agricultural property.

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

VILLAGE OF SHOREWOOD

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

Tax Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Collection Year	2004	2005	2006	2007	2008	2009 (1)	2010	2011	2012	2013
Direct Rates										
General Fund	\$ 7.58	\$ 7.35	\$ 7.11	\$ 7.07	\$ 4.69	\$ 4.90	\$ 5.03	\$ 5.18	\$ 4.31	\$ 6.39
Debt Service Fund	0.07	0.03	0.80	0.87	0.60	0.73	0.76	0.76	0.85	0.68
Capital Projects Fund	0.21	0.68	0.18	0.30	0.33	0.19	0.21	0.27	0.20	0.17
Library Fund	0.72	0.70	0.71	0.72	0.51	0.51	0.52	0.53	0.53	0.53
Senior Services	0.03	0.06	0.05	0.06	0.05	0.05	0.06	0.05	0.06	0.06
Shorewood Today	0.01	0.00	-	-	-	-	-	0.00	0.00	0.00
Marketing	-	-	-	-	0.02	0.02	0.02	0.02	0.02	0.02
Total Direct Rate	<u>8.62</u>	<u>8.82</u>	<u>8.84</u>	<u>9.02</u>	<u>6.19</u>	<u>6.40</u>	<u>6.60</u>	<u>6.83</u>	<u>5.97</u>	<u>7.86</u>
Overlapping Rates										
Shorewood School District	15.41	15.29	14.45	15.50	11.07	11.33	11.83	12.22	12.29	12.19
Whitefish Bay School	-	-	-	-	-	-	-	0.00	0.00	0.00
State School Levy Credit	(2.08)	(2.07)	(2.49)	(2.73)	(2.01)	(2.01)	(1.97)	(1.96)	(1.96)	(1.97)
Milwaukee Area Technical College	2.35	2.47	2.54	2.49	1.69	1.76	1.88	1.79	1.71	1.86
Milwaukee County	5.69	5.80	5.74	5.53	3.71	3.80	4.08	4.16	4.14	4.43
Milwaukee Metropolitan Sewerage District	1.89	1.95	1.91	1.83	1.22	1.24	1.30	1.35	1.33	1.43
State Of Wisconsin	0.25	0.26	0.26	0.26	0.17	0.17	0.17	0.16	0.16	0.15
TID No. 1	1.10	1.24	1.51	1.60	1.22	0.89	0.80	0.91	2.18	0.05
Effective Rate	<u>\$ 33.22</u>	<u>\$ 33.76</u>	<u>\$ 32.77</u>	<u>\$ 33.51</u>	<u>\$ 23.26</u>	<u>\$ 23.59</u>	<u>\$ 24.66</u>	<u>\$ 24.46</u>	<u>\$ 25.81</u>	<u>\$ 25.99</u>

Source: Village Records

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

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

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

VILLAGE OF SHOREWOOD

PRINCIPAL PROPERTY TAXPAYERS
Eight Years Ago and Current Year

2004					2012				
Taxpayer	Type of Business	Total Assessed Valuation	Rank	% of Total Assessed Valuation	Taxpayer	Type of Business	Total Assessed Valuation	Rank	% of Total Assessed Valuation
Estabrook Homes	Apartments	\$ 12,349,610	1	1.28%	Karademas Enterprises I	Apartments	\$ 15,200,000	1	1.03%
River Park Development	Commercial	12,150,750	2	1.26%	Katz Properties	Commercial	12,115,400	2	0.82%
Oakland Ave Property LP	Commercial	6,384,300	3	0.66%	Capital/Eastmore	Commercial	11,450,000	3	0.77%
Fountainview	Commercial	6,023,450	4	0.63%	River Park	Commercial	10,109,300	4	0.68%
GG 3939 LLC	Apartments	3,377,980	5	0.35%	Blankenstein	Commerical	6,008,900	5	0.41%
Montrose Apt	Apartments	3,080,660	6	0.32%	Fountainview	Apartments	8,100,000	6	0.55%
Robinson Family	Apartments	2,950,000	7	0.31%	Exchequer LLC	Commercial/mix	7,500,000	7	0.51%
North Shore Apts	Apartments	2,887,890	8	0.30%	Oakland Ave Property LP	Commercial	6,018,200	8	0.41%
Greenbrier	Apartments	2,809,350	9	0.29%	JJ&R Enterprises	Apartments	4,529,300	9	0.31%
New World (Witi)	Commercial	2,749,350	10	0.29%	Community Television of WI	Commercial	4,181,600	10	0.28%
Total		<u>\$ 54,763,340</u>		<u>5.68%</u>	Total		<u>\$ 85,212,700</u>		<u>5.76%</u>

Based on total Assessed Value as of January 1,

2004 \$ 963,616,240

2012 \$ 1,479,202,300

The Village began completing a CAFR in 2011. The historical data for 2003 is not available. The closest year was chosen as a substitute.

VILLAGE OF SHOREWOOD

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Levy Year	Collection Year	Total Tax Levy	Total Uncollected	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	% of Levy		Amount	% of Levy
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%	10,057	10,515,982	99.98%
2011	2012	9,645,304	7,998	9,637,306	99.92%	-	9,637,306	99.92%
2012	2013	12,061,129	-	-	0.00%	-	-	0.00%

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

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

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

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

Collections for the 2012 tax levy are made in 2013 so no collection information is available.

VILLAGE OF SHOREWOOD

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business Activities		Total Primary Government	% of Adjusted Gross Income (1)	Debt Per Capita
	General Obligation Bonds/Notes	Bond Anticipation Notes	General Obligation Bonds/Notes				
2003	\$ 11,998,018	\$ 5,270,000	\$ -		\$ 17,268,018	0.00%	\$ 1,271.76
2004	11,362,911	5,270,000	129,000		16,761,911	0.00%	1,238.41
2005	16,137,640	-	288,263		16,425,903	0.00%	1,217.18
2006	16,312,099	-	1,442,558		17,754,657	0.00%	1,318.09
2007	14,333,033	-	2,348,370		16,681,403	0.00%	1,241.18
2008	17,071,365	-	2,858,018		19,929,383	3.78%	1,484.50
2009	16,006,994	-	2,645,085		18,652,079	3.44%	1,396.11
2010	21,715,333	-	2,408,712		24,124,045	4.98%	1,807.04
2011	24,385,068	-	4,315,478		28,700,546	5.73%	2,178.08
2012	34,984,686	-	9,374,397		44,359,083	8.93%	3,367.17

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

VILLAGE OF SHOREWOOD

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	Total General Bonded Debt	Restricted Funds for Debt Service	Net General Bonded Debt	Total Taxable Equalized Value	Ratio of General Bonded Debt to Equalized Property Value	Population	Net General Bonded Debt Per Capita
2003	\$ 17,268,018	\$ 413,921	\$ 16,854,097	\$ 1,182,104,600	1.43%	13,578	\$ 1,241.28
2004	16,761,911	308,044	16,453,867	1,269,237,700	1.30%	13,535	1,215.65
2005	16,425,903	1,201,993	15,223,910	1,386,844,700	1.10%	13,495	1,128.11
2006	17,754,657	161,960	17,592,697	1,458,604,600	1.21%	13,470	1,306.07
2007	16,681,403	172,311	16,509,092	1,497,125,900	1.10%	13,440	1,228.36
2008	19,929,383	10,428	19,918,955	1,492,579,200	1.33%	13,425	1,483.72
2009	18,652,079	5,536	18,646,543	1,525,289,600	1.22%	13,360	1,395.70
2010	24,124,045	7,465	24,116,580	1,437,686,900	1.68%	13,350	1,806.49
2011	28,700,546	18,272	28,682,274	1,419,303,600	2.02%	13,177	2,176.69
2012	44,359,083	44,951	44,314,132	1,300,467,300	3.41%	13,174	3,363.76

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
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%
2012	1,300,467,300	65,023,365	44,359,083	20,664,282	68.22%

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, 2012

Governmental Unit	General Obligation Bonded Debt Outstanding	Percentage Applicable to Village	Amount Applicable to Village
Village of Shorewood	\$ 34,984,686	100%	\$ 34,984,686
Milwaukee Area Technical College	118,560,000	1.89%	2,245,983
Milwaukee County	745,865,000	2.34%	17,430,865
Shorewood School District	17,705,000	100.00%	17,705,000
Whitefish Bay School District	18,227,379	0.23%	41,376
Milwaukee Metropolitan Sewage District	1,009,013,839	2.38%	24,054,890
Total Overlapping	1,909,371,218		61,478,114
Total Direct and Overlapping Debt	\$ 1,944,355,904		\$ 96,462,800

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

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

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

VILLAGE OF SHOREWOOD

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population	Adjusted Gross Income	Per Capita Adjusted Gross Income			Unemployment Rates	
			Village of Shorewood	Milwaukee County	State of Wisconsin	Milwaukee County	State of Wisconsin
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	8.70%	7.40%
2011	13,177	496,471,390	37,677	20,681	24,942	7.90%	6.70%
2012	13,174	-	-	-	-	8.00%	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) 2012 Adjusted Gross Income is not yet available.

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VILLAGE OF SHOREWOOD

PRINCIPAL EMPLOYERS
Eight Years Ago and Current Year

(continued)

Employer	Type of Business	2012		% 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%
Pick N Save	Grocery/Retail	101	3	0.01%
Culvers	Restaurant	57	4	0.01%
Harrys Bar and Grill	Restaurant	40	5	0.00%
Baker's Square	Restaurant	33	6	0.00%
Ladea Medical Aesthetics-Laseer	Medical	25	7	0.00%
Shorewood Animal Hospital	Veterinary Care	22	8	0.00%
Benjis Deli	Restaurant	20	9	0.00%
Lakeshore Mobil	Gas Station	15	10	0.00%
Total		717		0.09%
Total Nonfarm employment Milwaukee-Waukesha-West Allis MSA, annual ave.				821,400

Sources include:

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

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
Eight Years Ago and Current Year

(concluded)

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

Total 572 0.12%

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

Sources include:

Prior year's Village Official Statements

Wisconsin Department of Workforce Development

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
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Village Employees										
General Government										
Village manager	2.80	2.80	2.80	2.80	3.75	1.50	1.50	1.50	1.80	2.00
Customer service	-	-	-	-	-	3.00	3.00	3.00	3.00	3.00
Finance	-	-	-	-	-	2.44	2.44	1.94	2.00	2.00
Clerk/Treasurer	4.50	4.50	4.77	4.86	4.86	1.50	1.50	2.00	2.00	2.00
Planning and development	4.50	3.50	3.50	2.50	2.50	4.50	4.50	4.50	5.50	5.00
Municipal court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Public safety - police	34.00	34.00	32.50	32.00	32.00	32.00	32.00	32.00	31.90	31.90
Health (1)	3.09	3.09	2.59	2.59	2.59	2.59	2.59	2.59	2.81	-
Public works	23.60	23.60	22.53	22.49	22.49	22.39	22.39	22.39	22.39	21.85
Culture and Recreation										
Library	11.50	11.25	11.25	11.50	11.50	11.50	11.50	11.50	13.46	13.46
Senior resource center	1.00	0.75	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Total	<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>86.76</u>	<u>83.11</u>

(1) Information from Village Budget documents

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

VILLAGE OF SHOREWOOD

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol vehicles	5	5	5	5	5	5	5	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (sq feet)	-	-	-	-	-	-	-	-	4,676,027	4,676,027
Streets (miles length)	-	-	-	-	-	-	-	-	28.04	28.04
Culture and recreation										
Number of parks	5	5	5	5	5	5	5	5	5	5
Acreage of parkland	63	63	63	63	63	63	63	63	63	63
Water, Sewer, and Parking										
Feet of water main	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746	169,746
Number of hydrants	308	308	308	308	308	308	308	291	308	310
Municipal owned parking lots	5	5	5	5	5	5	5	5	5	5
Feet of sewer pipe	-	-	-	-	-	-	245,383	245,383	256,609	268,763

VILLAGE OF SHOREWOOD

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Building permits issued	410	488	557	690	656	677	655	682	663	606
Valuation of building permits	\$ 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	\$ 47,446,093
Public Safety - Police										
Homicides	1	-	-	-	-	-	-	-	-	-
Forcible rape	2	1	4	1	1	4	4	3	1	-
Robbery	11	15	16	17	15	9	5	9	3	12
Assault	9	14	16	19	22	25	16	23	18	21
Total crimes against persons	23	30	36	37	38	38	25	35	22	33
Burglary	37	72	36	50	50	53	43	31	19	28
Theft	298	297	313	308	350	358	405	363	309	332
Motor vehicle thefts	9	7	17	20	20	16	14	8	7	14
Total crimes against property	344	376	366	378	420	427	462	402	335	374
Total Crimes Reported	367	406	402	415	458	465	487	437	357	407
DPW										
Tons of refuse	-	-	-	-	-	-	-	-	2,721	2,455
Tons of recycling	-	-	-	-	-	-	-	-	149	955
Library										
Visitors to the library	274,456	259,006	240,146	239,433	229,444	233,294	248,358	209,689	185,258	187,202
Items checked out	312,673	326,304	319,525	313,757	313,007	319,797	364,285	361,381	359,768	350,603
Registered borrowers	10,044	10,306	10,242	11,000	11,607	12,020	9,323	9,197	9,083	9,191
Program attendance (2)	3,377	4,259	4,085	3,627	3,593	5,859	7,687	9,139	7,318	8,053
Reference questions	18,727	21,783	20,579	17,511	17,285	16,236	17,384	20,632	19,841	16,310
Items added	8,105	7,197	7,618	6,943	11,121	7,443	6,741	6,697	8,134	7,477
Items owned	54,960	60,796	66,629	71,640	76,549	81,537	81,503	81,966	85,076	159,357
Computer users	-	-	-	44,004	44,747	45,329	46,142	48,473	46,924	46,337
Wireless stations	-	-	-	1,324	1,736	1,817	3,924	4,932	4,376	6,475
Water Utility										
Meters in service	3,508	3,507	3,544	3,544	3,541	3,538	3,538	3,538	3,535	3,535
Gallons sold	408,135	392,693	397,316	368,425	377,109	364,543	405,882	341,764	356,767	491,065

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

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