

VILLAGE OF CRIVITZ, WISCONSIN

Annual Financial Report

December 31, 2010

VILLAGE OF CRIVITZ, WISCONSIN

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INDEPENDENT AUDITOR'S REPORT



UNGER & WALTERS, S.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Crivitz
Crivitz, 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 Village of Crivitz, Wisconsin (Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2011, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 3 through 9 and budgetary comparison information on page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.

To the Village Board
Village of Crivitz
Crivitz, Wisconsin

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 schedule of detailed revenue budgetary comparison - general fund and schedule of detailed expenditures budgetary comparison - general fund on pages 39 through 42 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of detailed revenue budgetary comparison - general fund and schedule of detailed expenditures budgetary comparison - general fund 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.



UNGER & WALTERS, S.C.
Certified Public Accountants
April 13, 2011

MANAGEMENT DISCUSSION AND ANALYSIS

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2010

As management of the Village of Crivitz (Village) we offer readers of the Village's basic financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended December 31, 2010.

Financial Highlights

- The assets of the Village exceeded its liabilities as of December 31, 2010, by \$7,447,363 (*net assets*). Of this amount, \$1,384,008 may be used to meet the Village's ongoing obligations to citizens and creditors (*unrestricted net assets*). The total net assets include all infrastructure of the governmental activities installed from 1980 to present.
- The Village's total net assets increased by a net amount of \$65,845 with a \$139,617 increase in the investment in capital assets, net of related debt.
- As of December 31, 2010, the Village's governmental funds reported a combined ending fund balance of \$1,053,780 a decrease of \$31,112 in comparison with the prior year.
- As of December 31, 2010 the fund balance for the general fund was \$802,413 and was designated for specific purposes by the Board.
- The Village's total general obligation debt decreased by \$100,000.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village include general government, public safety, public works, health and human services, culture, recreation, and education, and conservation and development. The business-type activities include water and sewer.

The government-wide financial statements can be found on pages 10 - 12 of this report.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2010

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, 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 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 the government's near-term financing requirements.

Because the focus of 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 maintains three 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, tax increment district, and debt service fund which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 13 - 14 of this report.

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water utility and sewer utility, both of which are considered to be major funds of the Village.

The proprietary fund financial statements can be found on pages 16 - 18 of this report.

Fiduciary Funds (Not included in government-wide statements)

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

The fiduciary fund financial statement can be found on page 19 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 - 36 of this report.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2010

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Village, assets exceeded liabilities by \$7,447,363 at December 31, 2010.

VILLAGE OF CRIVITZ'S NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and Other Assets	\$ 1,917,590	\$ 1,892,735	\$ 531,252	\$ 515,000	\$ 2,448,842	\$ 2,407,735
Capital Assets	3,603,982	3,536,242	6,800,255	6,958,334	10,404,237	10,494,576
Total Assets	<u>5,521,572</u>	<u>5,428,977</u>	<u>7,331,507</u>	<u>7,473,334</u>	<u>12,853,079</u>	<u>12,902,311</u>
Long-Term Liabilities						
Outstanding	3,031,339	3,127,177	1,503,640	1,606,419	4,534,979	4,733,596
Other Liabilities	838,400	774,764	32,337	12,433	870,737	787,197
Total Liabilities	<u>3,869,739</u>	<u>3,901,941</u>	<u>1,535,977</u>	<u>1,618,852</u>	<u>5,405,716</u>	<u>5,520,793</u>
Net Assets:						
Invested in Capital						
Assets Net of Related Debt	603,982	409,065	5,296,615	5,351,915	5,900,597	5,760,980
Restricted	-	-	162,758	134,942	162,758	134,942
Unrestricted	<u>1,047,851</u>	<u>1,117,971</u>	<u>336,157</u>	<u>367,625</u>	<u>1,384,008</u>	<u>1,485,596</u>
Total Net Assets	<u>\$ 1,651,833</u>	<u>\$ 1,527,036</u>	<u>\$ 5,795,530</u>	<u>\$ 5,854,482</u>	<u>\$ 7,447,363</u>	<u>\$ 7,381,518</u>

The largest portion of the Village's net assets (approximately 79 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village'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.

Net assets of the business-type activities in the amount of \$113,544 are restricted for debt service and \$49,214 for equipment replacement.

The remaining balance of unrestricted net assets \$1,384,008 may be used to meet the Village's ongoing obligations to citizens and creditors.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2010

Government-Wide Financial Analysis (Continued):

VILLAGE OF CRIVITZ'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 80,496	\$ 83,846	\$ 545,606	\$ 533,818	\$ 626,102	\$ 617,664
Operating Grants and Contributions	156,885	102,225	426	-	157,311	102,225
Capital Grants and Contributions	-	-	49,769	320,601	49,769	320,601
General Revenues:						
Property Taxes	632,420	638,215	-	-	632,420	638,215
Intergovernmental Revenues not Restricted to Specific Programs	187,319	195,157	-	-	187,319	195,157
Other	105,096	104,343	20,566	20,123	125,662	124,466
Total Revenues	<u>1,162,216</u>	<u>1,123,786</u>	<u>616,367</u>	<u>874,542</u>	<u>1,778,583</u>	<u>1,998,328</u>
Expenses:						
General Government	280,101	305,367	-	-	280,101	305,367
Public Safety	291,629	287,624	-	-	291,629	287,624
Public Works	184,574	230,521	-	-	184,574	230,521
Culture, Recreation and Education	26,392	33,690	-	-	26,392	33,690
Conservation and Development	-	3,023	-	-	-	3,023
Health and Human Services	10,895	8,682	-	-	10,895	8,682
Interest Expense	152,289	104,109	-	-	152,289	104,109
Depreciation - Unallocated	163,742	150,133	-	-	163,742	150,133
Water Utility	-	-	290,066	213,238	290,066	213,238
Sewer Utility	-	-	313,050	295,990	313,050	295,990
Total Expenses	<u>1,109,622</u>	<u>1,123,149</u>	<u>603,116</u>	<u>509,228</u>	<u>1,712,738</u>	<u>1,632,377</u>
Change in Net Assets before Transfers	52,594	637	13,251	365,314	65,845	365,951
Transfers	72,203	45,106	(72,203)	(45,106)	-	-
Total Change in Net Assets	<u>124,797</u>	<u>45,743</u>	<u>(58,952)</u>	<u>320,208</u>	<u>65,845</u>	<u>365,951</u>
Net Assets - Beginning of Year	<u>1,527,036</u>	<u>1,481,293</u>	<u>5,854,482</u>	<u>5,534,274</u>	<u>7,381,518</u>	<u>7,015,567</u>
Net Assets - End of Year	<u>\$ 1,651,833</u>	<u>\$ 1,527,036</u>	<u>\$ 5,795,530</u>	<u>\$ 5,854,482</u>	<u>\$ 7,447,363</u>	<u>\$ 7,381,518</u>

Revenues decreased by a net change of \$219,745 primarily due to decreases in capital grants and contributions of \$270,832 and increases in operating grants and contributions of \$55,086.

Total expenses increased by \$80,361 due to slight increases in several functional areas.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2010

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Village'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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of December 31, 2010 the Village's governmental funds reported combined ending fund balances of \$1,053,780, a decrease of \$31,112 in comparison with the prior year all of which is available for spending at the government's discretion.

The *general fund* is the operating fund of the Village. As of December 31, 2010 the total fund balance of the general fund was \$802,413. The entire fund balance was unreserved and designated for specific purposes.

The fund balance of the general fund decreased by \$32,887 in 2010.

The *TID #1 fund* has a fund balance of \$251,367. The fund balance increased by \$1,775.

Proprietary Funds

The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water utility at the end of the year amounted to \$(21,694). There was a total decrease in net assets of \$39,330.

Unrestricted net assets of the sewer utility at the end of the year amounted to \$357,851. There was a total decrease in net assets of \$19,622.

Fiduciary Fund

The Village's fiduciary fund is a tax collection fund. This fund accounts for taxes and deposits collected by the Village, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

As of December 31, 2010, the fiduciary fund reported that \$889,946 was due to other taxing units, an increase of \$15,423 in comparison with the prior year.

General Fund Budgetary Highlights

During the year, the Village made revisions to the original approved budget. Overall, these changes resulted in a net increase in budgeted expenditures from the original budget of 11.3% or \$101,170 for the general fund. This increase in expenditures was primarily related to increases in capital outlay of \$122,085 and health and human service of \$17,604 offset by decreases in general government of \$25,306, public safety of \$8,607, and public works of \$6,014.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2010

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$10,494,576 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, infrastructure, and construction in process (roads, bridges, water plant and sewer plant).

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land and Improvements	\$ 274,947	\$ 258,144	\$ 17,975	\$ 17,975	\$ 292,922	\$ 276,119
Construction in Progress	-	9,263	-	-	-	9,263
Buildings and Improvements	1,728,474	1,655,166	-	-	1,728,474	1,655,166
Machinery and Equipment	1,193,418	1,171,508	10,413,979	10,319,147	11,607,397	11,490,655
Infrastructure	2,399,133	2,284,909	-	-	2,399,133	2,284,909
Total Capital Assets	5,595,972	5,378,990	10,431,954	10,337,122	16,027,926	15,716,112
Less: Accumulated Depreciation	1,991,990	1,842,748	3,631,699	3,378,788	5,623,689	5,221,536
Capital Assets Net of Depreciation	<u>\$ 3,603,982</u>	<u>\$ 3,536,242</u>	<u>\$ 6,800,255</u>	<u>\$ 6,958,334</u>	<u>\$ 10,404,237</u>	<u>\$ 10,494,576</u>

For further details on capital asset activity, refer to Note 6 of the notes to financial statements.

Debt

At the end of the current fiscal year, the Village had total bonds and notes outstanding of \$4,503,639. Of this amount, \$3,000,000 is general obligation debt, backed by the full faith and credit of the government. The remainder of the Village's debt represents bonds secured solely by specific revenue sources.

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Promissory Notes	\$ 3,000,000	\$ 3,100,000	\$ -	\$ -	\$ 3,000,000	\$ 3,100,000
Revenue Bonds	-	-	1,503,639	1,606,419	1,503,639	1,606,419
Total	<u>\$ 3,000,000</u>	<u>\$ 3,100,000</u>	<u>\$ 1,503,639</u>	<u>\$ 1,606,419</u>	<u>\$ 4,503,639</u>	<u>\$ 4,706,419</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the Village is \$3,996,770 which exceeds the Village's current outstanding general obligation debt of \$3,000,000.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2010

Economic Factors and Next Year's Budgets and Rates

- The economic condition and outlook of the Village has remained fairly stable based on a relatively healthy mix of manufacturing, tourism, service industry, retail and farming activities which support our tax base.

All of these factors were considered in preparing the Village's budget for the 2010 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Village'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 financial information should be addressed to Clerk-Treasurer, Village of Crivitz, P.O. Box 727, Crivitz, WI 54114.

FINANCIAL STATEMENTS

VILLAGE OF CRIVITZ

Statement of Net Assets

As of December 31, 2010

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Cash	\$ 1,191,222	\$ 358,764	\$ 1,549,986
Receivables	656,063	47,725	703,788
Internal Balances	46,150	(46,150)	-
Inventories	-	8,155	8,155
Restricted Cash	-	162,758	162,758
Deferred Charges	24,155	-	24,155
Capital Assets:			
Capital Assets not being Depreciated	274,947	17,975	292,922
Other Capital Assets, Net of Depreciation	3,329,035	6,782,280	10,111,315
Total Assets	5,521,572	7,331,507	12,853,079
LIABILITIES:			
Accounts Payable	93,678	8,124	101,802
Accrued Payroll Expense	620	-	620
Accrued Interest	32,469	24,213	56,682
Unearned Revenue	711,633	-	711,633
Long-Term Obligations:			
Due Within One Year	115,670	104,125	219,795
Due in More Than One Year	2,915,669	1,399,515	4,315,184
Total Liabilities	3,869,739	1,535,977	5,405,716
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	603,982	5,296,615	5,900,597
Restricted for:			
Debt Service	-	113,544	113,544
Equipment Replacement	-	49,214	49,214
Unrestricted	1,047,851	336,157	1,384,008
TOTAL NET ASSETS	\$ 1,651,833	\$ 5,795,530	\$ 7,447,363

See Accompanying Notes

VILLAGE OF CRIVITZ
Statement of Activities
For the Year Ended December 31, 2010

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 280,101	\$ 12,548	\$ 73,446
Public Safety	291,629	51,333	6,643
Public Works	184,574	16,615	76,796
Culture, Recreation and Education	26,392	-	-
Health and Human Services	10,895	-	-
Interest Expense	152,289	-	-
Depreciation - Unallocated	163,742	-	-
Total Governmental Activities	<u>1,109,622</u>	<u>80,496</u>	<u>156,885</u>
BUSINESS-TYPE ACTIVITIES:			
Water	290,066	265,211	426
Sewer	313,050	280,395	-
Total Business-Type Activities	<u>603,116</u>	<u>545,606</u>	<u>426</u>
TOTAL	<u>\$ 1,712,738</u>	<u>\$ 626,102</u>	<u>\$ 157,311</u>

GENERAL REVENUES:

Taxes:
Property Taxes, Levied for General Purposes
Property Taxes, Levied for Capital Assets Including TIF
Other Taxes
Intergovernmental Revenues not Restricted to
Specific Functions
Investment Income
Transfers
Developer Agreements
Miscellaneous
Total General Revenues

CHANGE IN NET ASSETS

NET ASSETS - BEGINNING OF YEAR

NET ASSETS - END OF YEAR

Net (Expenses) Revenues and Changes in Net Assets			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
\$ -	\$ (194,107)	\$ -	\$ (194,107)
-	(233,653)	-	(233,653)
-	(91,163)	-	(91,163)
-	(26,392)	-	(26,392)
-	(10,895)	-	(10,895)
-	(152,289)	-	(152,289)
-	(163,742)	-	(163,742)
-	(872,241)	-	(872,241)
49,769	-	25,340	25,340
-	-	(32,655)	(32,655)
49,769	-	(7,315)	(7,315)
<u>\$ 49,769</u>	<u>(872,241)</u>	<u>(7,315)</u>	<u>(879,556)</u>
	394,030	-	394,030
	238,390	-	238,390
	3,405	-	3,405
	187,319	-	187,319
	21,888	3,702	25,590
	72,203	(72,203)	-
	10,079	-	10,079
	69,724	16,864	86,588
	<u>997,038</u>	<u>(51,637)</u>	<u>945,401</u>
	124,797	(58,952)	65,845
	<u>1,527,036</u>	<u>5,854,482</u>	<u>7,381,518</u>
	<u>\$ 1,651,833</u>	<u>\$ 5,795,530</u>	<u>\$ 7,447,363</u>

See Accompanying Notes

VILLAGE OF CRIVITZ

Balance Sheet

Governmental Funds

As of December 31, 2010

	<u>General</u>	<u>Tax Incremental District</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash	\$ 934,336	\$ 256,886	\$ -	\$ 1,191,222
Receivables:				
Taxes	611,812	-	-	611,812
Other	12,437	31,814	-	44,251
Due from Other Funds	115,443	3,862	-	119,305
TOTAL ASSETS	<u>\$ 1,674,028</u>	<u>\$ 292,562</u>	<u>\$ -</u>	<u>\$ 1,966,590</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 93,678	\$ -	\$ -	\$ 93,678
Accrued Liabilities	620	-	-	620
Due to Other Funds	53,133	20,022	-	73,155
Deferred Revenue	724,184	21,173	-	745,357
Total Liabilities	<u>871,615</u>	<u>41,195</u>	<u>-</u>	<u>912,810</u>
FUND BALANCES:				
Unreserved:				
Designated	802,413	251,367	-	1,053,780
Total Fund Balances	<u>802,413</u>	<u>251,367</u>	<u>-</u>	<u>1,053,780</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,674,028</u>	<u>\$ 292,562</u>	<u>\$ -</u>	

RECONCILIATION TO STATEMENT OF NET ASSETS:

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	3,603,982
Debt issuance costs are amortized as interest expense over the term of the notes.	24,155
Long-term liabilities, applicable to governmental activities, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets. Long-term liabilities reported in the statement of net assets that are not reported in the governmental funds balance sheet. Those liabilities consist of:	
Long-Term Bonds and Notes Payable	(3,000,000)
Accrued Interest on Long-Term Debt	(32,469)
Compensated Absences	(31,339)
Certain revenue will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	33,724
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,651,833</u>

VILLAGE OF CRIVITZ

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2010

	<u>General</u>	<u>Tax Incremental District</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 400,435	\$ 238,390	\$ -	\$ 638,825
Intergovernmental	338,928	2,276	-	341,204
Regulation and Compliance	11,172	-	-	11,172
Fines, Forfeitures and Penalties	10,954	-	-	10,954
Public Charges for Services	5,606	-	-	5,606
Intergovernmental Charges for Services	40,309	-	-	40,309
Special Assessments	1,210	-	-	1,210
Miscellaneous	84,785	6,827	-	91,612
Total Revenues	<u>893,399</u>	<u>247,493</u>	<u>-</u>	<u>1,140,892</u>
EXPENDITURES:				
Current:				
General Government	196,615	79,324	-	275,939
Public Safety	291,629	-	-	291,629
Public Works	184,574	-	-	184,574
Culture, Recreation and Education	26,392	-	-	26,392
Health and Human Services	10,895	-	-	10,895
Capital Outlay	225,373	6,109	-	231,482
Debt Service:				
Principal Retirement	-	-	100,000	100,000
Interest	-	-	133,375	133,375
Total Expenditures	<u>935,478</u>	<u>85,433</u>	<u>233,375</u>	<u>1,254,286</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(42,079)</u>	<u>162,060</u>	<u>(233,375)</u>	<u>(113,394)</u>
OTHER FINANCING SOURCES (USES):				
Property Tax Equivalent	72,203	-	-	72,203
Developer Agreements	-	10,079	-	10,079
Transfers In	-	-	233,375	233,375
Transfers Out	(63,011)	(170,364)	-	(233,375)
Total Other Financing Sources (Uses)	<u>9,192</u>	<u>(160,285)</u>	<u>233,375</u>	<u>82,282</u>
NET CHANGE IN FUND BALANCES	<u>(32,887)</u>	<u>1,775</u>	<u>-</u>	<u>(31,112)</u>
FUND BALANCES - BEGINNING	<u>835,300</u>	<u>249,592</u>	<u>-</u>	<u>1,084,892</u>
FUND BALANCES - ENDING	<u>\$ 802,413</u>	<u>\$ 251,367</u>	<u>\$ -</u>	<u>\$ 1,053,780</u>

See Accompanying Notes

VILLAGE OF CRIVITZ

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (31,112)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 231,482	
Depreciation expense reported in the statement of activities	<u>(163,742)</u>	
Excess of capital outlay over depreciation expense		67,740

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net assets and does not affect the statement of activities. 100,000

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Net increase in accrued interest	\$ (15,797)	
Increase in compensated absences	(4,162)	
Amortization of long-term debt issuance costs	<u>(3,117)</u>	
Total additional expenses		(23,076)

Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds until received. Change in amount deferred on the fund statements. 11,245

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 124,797

VILLAGE OF CRIVITZ
Statement of Net Assets
Proprietary Funds
As of December 31, 2010

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash	\$ 33,495	\$ 325,269	\$ 358,764
Customer Accounts Receivable	15,253	32,472	47,725
Due from Other Funds	142,259	33,804	176,063
Inventories	3,810	4,345	8,155
Total Current Assets	<u>194,817</u>	<u>395,890</u>	<u>590,707</u>
Noncurrent Assets:			
Bond Redemption Fund	13,766	-	13,766
Restricted Assets	84,525	64,467	148,992
Total Noncurrent Assets	<u>98,291</u>	<u>64,467</u>	<u>162,758</u>
Capital Assets:			
Plant in Service	4,655,320	5,776,634	10,431,954
Less: Accumulated Depreciation	1,172,216	2,459,483	3,631,699
Total Capital Assets	<u>3,483,104</u>	<u>3,317,151</u>	<u>6,800,255</u>
TOTAL ASSETS	<u>3,776,212</u>	<u>3,777,508</u>	<u>7,553,720</u>
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	12,123	92,002	104,125
Accounts Payable	1,584	6,540	8,124
Due to Other Funds	191,123	31,090	222,213
Accrued Interest	23,804	409	24,213
Total Current Liabilities	<u>228,634</u>	<u>130,041</u>	<u>358,675</u>
Noncurrent Liabilities:			
Long-Term Debt	1,213,071	186,444	1,399,515
TOTAL LIABILITIES	<u>1,441,705</u>	<u>316,485</u>	<u>1,758,190</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2,257,910	3,038,705	5,296,615
Restricted	98,291	64,467	162,758
Unrestricted	(21,694)	357,851	336,157
TOTAL NET ASSETS	<u>\$ 2,334,507</u>	<u>\$ 3,461,023</u>	<u>\$ 5,795,530</u>

See Accompanying Notes

VILLAGE OF CRIVITZ
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
OPERATING REVENUES	\$ 265,211	\$ 280,395	\$ 545,606
OPERATING EXPENSES:			
Operation and Maintenance	115,772	152,989	268,761
Depreciation	101,109	153,179	254,288
Taxes	4,196	4,162	8,358
Total Operating Expenses	<u>221,077</u>	<u>310,330</u>	<u>531,407</u>
OPERATING INCOME	<u>44,134</u>	<u>(29,935)</u>	<u>14,199</u>
NON-OPERATING REVENUES (EXPENSES):			
USDA Grant Proceeds	49,769	-	49,769
Grant Revenue	426	-	426
Investment Income	760	2,942	3,702
Other Income	6,773	10,091	16,864
Interest Expense	(68,989)	(2,720)	(71,709)
Total Non-Operating Revenues	<u>(11,261)</u>	<u>10,313</u>	<u>(948)</u>
INCOME (LOSS) BEFORE TRANSFERS	32,873	(19,622)	13,251
TRANSFERS:			
Property Tax Equivalent	(72,203)	-	(72,203)
Total Transfers Out	<u>(72,203)</u>	<u>-</u>	<u>(72,203)</u>
CHANGE IN NET ASSETS	(39,330)	(19,622)	(58,952)
NET ASSETS - BEGINNING	<u>2,373,837</u>	<u>3,480,645</u>	<u>5,854,482</u>
NET ASSETS - ENDING	<u>\$ 2,334,507</u>	<u>\$ 3,461,023</u>	<u>\$ 5,795,530</u>

See Accompanying Notes

VILLAGE OF CRIVITZ
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2010

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 269,627	\$ 294,787	\$ 564,414
Cash Paid to Suppliers for Goods and Services	(52,381)	(115,993)	(168,374)
Cash Paid to Employees for Services	(66,187)	(62,482)	(128,669)
Net Cash Flows from Operating Activities	<u>151,059</u>	<u>116,312</u>	<u>267,371</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Income Received	760	2,942	3,702
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non Operating Income	6,773	10,091	16,864
Transfer to Other Funds	(43,221)	28,419	(14,802)
Net Cash Flows from Non-Capital and Related Financing Activities	<u>(36,448)</u>	<u>38,510</u>	<u>2,062</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Grants	50,195	-	50,195
Acquisition and Construction of Capital Assets	(77,200)	(19,009)	(96,209)
Principal Paid	(11,581)	(91,198)	(102,779)
Interest Paid	(57,075)	(2,854)	(59,929)
Net Cash Flows from Capital and Related Financing Activities	<u>(95,661)</u>	<u>(113,061)</u>	<u>(208,722)</u>
NET INCREASE IN CASH	19,710	44,703	64,413
CASH - BEGINNING	<u>112,076</u>	<u>345,033</u>	<u>457,109</u>
CASH - ENDING	<u>\$ 131,786</u>	<u>\$ 389,736</u>	<u>\$ 521,522</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income	\$ 44,134	\$ (29,935)	\$ 14,199
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Non-Cash Items Included in Operating Income:			
Depreciation	101,109	153,179	254,288
Change in Non-Cash Components of Working Capital:			
Accounts Receivable	4,416	14,392	18,808
Inventories	(184)	(614)	(798)
Accounts Payable	1,584	(20,710)	(19,126)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 151,059</u>	<u>\$ 116,312</u>	<u>\$ 267,371</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS:			
Unrestricted Cash	\$ 33,495	\$ 325,269	\$ 358,764
Restricted Cash	98,291	64,467	162,758
TOTAL CASH PER STATEMENT OF NET ASSETS - PROPRIETARY FUNDS	<u>\$ 131,786</u>	<u>\$ 389,736</u>	<u>\$ 521,522</u>

See Accompanying Notes

VILLAGE OF CRIVITZ

Statement of Net Assets

Fiduciary Funds

As of December 31, 2010

	<u>Agency</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS:	
Cash	\$ 125,458
Taxes Receivable	764,488
Total Assets	<u>889,946</u>
LIABILITIES:	
Due to Other Governmental Units	<u>889,946</u>
NET ASSETS	<u>\$ -</u>

See Accompanying Notes

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of the Village of Crivitz (Village) is presented to assist in understanding the Village's financial statements. The financial statements and notes are representations of the Village's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

REPORTING ENTITY

This report includes all of the funds of the Village of Crivitz. The reporting entity for the Village consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. The Village has not identified any component units that are required to be included in the financial statements.

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Village does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included as program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Financial Statements (Continued)

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

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

Governmental Funds

Governmental funds are identified as either general, debt service, or capital projects based upon the following guidelines.

General Fund

The general fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Project Funds

Capital project funds are used to account for the property taxes, bond proceeds, and other financial resources available to implement the TID's capital improvement plan.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Proprietary Funds

Enterprise Funds

Enterprise funds may be used to account for activities where a fee is charged to external users for goods and services. Enterprise activities must include operations (a) that are financed with debt that is secured solely by the pledge of the net revenues of the fund, or (b) where laws or regulations require that the costs of the activity be recovered with fees and charges or (c) where the fees and charges are priced in a way designed to recover the costs of the activity.

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 and sewer utility enterprise fund are charges to customers for sales and services. Operating expenses for enterprise 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.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fiduciary Funds (Not included in government-wide statements)

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The reporting focus is on net assets and changes in net assets and are reported using the full accrual method of accounting. Because by definition these assets are being held for the benefit of a third party (other local governments) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Agency Funds

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

Major Funds

The Village reports the following major governmental funds:

The *general fund* which accounts for the Village's primary operating activities.

The *tax incremental financing district fund* which accounts for the expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing.

The *debt service fund* which accounts for the Village's resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The Village reports the following major proprietary funds:

The *water fund* which operates the water distribution system.

The *sewer fund* which operates the sewage treatment plant, sewage pumping stations and collection systems.

Non-Major Funds

The Village does not have non-major funds.

Fiduciary Funds

The Village reports the following agency fund:

The *tax collection fund* which accounts for tax revenue held for other taxing jurisdictions.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Village may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net assets may be available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

The Village applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the Village applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

CASH

For purposes of the statement of cash flows, cash deposits and highly liquid investments with a maturity when purchased of three months or less are considered to be cash equivalents.

RESTRICTED ASSETS

Cash has been restricted for unspent long-term debt proceeds. In addition, cash has been restricted for utility debt service payments and equipment replacement.

ACCOUNTS RECEIVABLE

Accounts receivable in the governmental funds are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material.

Ordinarily, no provision for uncollectible accounts receivable is made in the accompanying enterprise fund financial statements because the water and sewer utilities have the right by law to place delinquent bills on the tax roll.

INVENTORIES

Inventory of proprietary fund types are recorded at cost, which approximates market, using the first-in first-out method of valuation. The cost is recorded as an expenditure at the time individual inventory items are consumed.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements and used in governmental fund operations.

Government-Wide Statements

All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. In connection with implementation of GASB Statement No. 34, the Village has established a threshold of \$2,000 for capitalization of depreciable assets.

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

Buildings and Improvements	10-50 Years
Land Improvements	15 Years
Equipment	5-25 Years
Infrastructure	50 Years
Utility System	7-100 Years

Fund Financial Statements

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

Additions to and replacement of utility plant are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. Net interest of \$32,678 was capitalized during the current year for the well water project. 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.

UNEARNED/DEFERRED REVENUES

Governmental activities in the government-wide statement of activities report unearned revenue and therefore defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The combination of these are reported as deferred revenue in the balance sheet. When revenue recognition criteria are met, unearned or deferred revenue are reduced, as applicable, and income is recognized.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether it is reported in the government-wide or fund financial statements.

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

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. In governmental funds, debt issuance costs are reported as expenditures. The accounting in proprietary funds is the same in the fund statements as it is in the government-wide statements.

COMPENSATED ABSENCES

Governmental Funds

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are recorded in these statements. The amount of accumulated sick and vacation leave is \$31,339.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement.

Government-Wide Statements

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements.

All Funds

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2010 are determined on the basis of current salary rates and include salary related payments.

Compensated absences are typically liquidated by the general fund, water and sewer funds.

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 fund types. 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 as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

ENCUMBRANCES

Encumbrances outstanding represent the estimated amount of expenditures ultimately to result if unperformed contracts and open purchase orders at year end are fulfilled. Encumbrances outstanding at year end are reported as reservations of fund balance and do not represent liabilities or expenditures. Encumbrance accounting applies only to governmental fund types. There were no encumbrances outstanding as of December 31, 2010.

EQUITY CLASSIFICATIONS

District-Wide Statements

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

- Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Consists of net assets with constraints placed on the 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.
- Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

REGULATED MUNICIPAL UTILITY

Crivitz Water Utility operates under service rules which are established by the Public Service Commission of Wisconsin (PSC). Rates charged are regulated by the Commission. The accounting records of the utility are maintained in accordance with the Uniform System of Accounts prescribed by the Public Service Commission.

The Sewer Utility is not regulated by the PSC. Responsibility for customer rates and rules lies within the Village of Crivitz Board. The Sewer Utility maintains its financial records within the Uniform Chart of Accounts recommended by the Wisconsin Public Service Commission.

Water and sewer revenues are recorded based on actual service rendered; billings are made to customers through quarterly billings. The utility does not accrue revenues beyond such billing dates as the amounts are not significant.

BASIS FOR EXISTING RATES

Water Utility - On March 25, 2009, the Public Service Commission of Wisconsin approved a water rate increase designed to provide a 6.50% return on rate base.

Sewer Utility - Sewer rates were approved by the Village Board and became effective January 1994.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

USE OF ESTIMATES

The preparation of financial statements in conformity with general 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 may differ from those estimates.

NOTE 2 - CASH AND CREDIT RISK:

The Village maintains funds available for use by the governmental and business-type funds. These accounts are displayed on the statements of net assets and balance sheet as "Cash." In addition, the Agency Fund uses a separate and distinct account.

The Village is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

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

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the Village.

At December 31, 2010 the bank balance of cash was \$1,862,430. The Village maintains its cash accounts at five financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village's deposits may not be returned. The Village does not have a deposit policy for custodial credit risk.

Deposits in each bank, through December 31, 2012, are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited coverage for noninterest-bearing transaction accounts. Money market accounts and Negotiable Order of Withdrawal (NOW) accounts are not eligible for this temporary unlimited insurance coverage.

Bank accounts are also insured by the State Deposit Guarantee Fund (SDGF) in the amount of \$400,000. However, due to the relatively small size of the fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

As of December 31, 2010 the Village had the following:

Fully Insured Deposits	\$	1,296,342
Uncollateralized		<u>566,088</u>
Total	\$	<u><u>1,862,430</u></u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 3 - PROPERTY TAXES:

The Village bills and collects its own property taxes and also levies for the Crivitz School District, Marinette County, Northeast Wisconsin Technical College and the State of Wisconsin.

Property taxes consist of taxes on real estate and personal property. They are levied during December and become an enforceable lien on property the following January 1. Property taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31, or in two equal installments on or before January 31 and July 31. Real estate taxes not paid by July 31 are assumed by the county as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The following is a schedule of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility	\$ 69,438	Year end cash flow timing
General Fund	Tax Incremental District	16,160	Year end cash flow timing
Water Utility	Sewer Utility	20,574	Year end cash flow timing
Sewer Utility	General Fund	23,288	Year end cash flow timing

The following is a schedule of interfund transfers:

<u>Fund Transferred to</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water Utility	\$ 72,203	Property tax equivalent
Debt Service	General Fund	63,011	Debt service requirement
Debt Service	Tax Incremental District	170,364	Debt service requirement

NOTE 5 - RESTRICTED ASSETS:

Restricted cash at December 31, 2010 is for the following:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
Fiduciary Funds:		
Agency Fund	<u>\$ 125,458</u>	Advance tax collections to be paid to other taxing units
Proprietary Funds:		
Water Fund	\$ 49,214	Well water depreciation fund
Water Fund	35,311	Well water debt service reserve
Water Fund	13,766	Well water special redemption fund
Sewer Fund	64,467	Sewer debt service reserve
	<u>\$ 162,758</u>	

NOTE 6 - CAPITAL ASSETS:

Capital asset balances and activity for the year ended December 31, 2010 were as follows:

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

Governmental Activities:

	<u>Balance 1/1/10</u>	<u>Additions/ Reclassifications</u>	<u>Disposals/ Reclassifications</u>	<u>Balance 12/31/10</u>
Capital Assets, not being Depreciated:				
Land and Improvements	\$ 258,144	\$ 16,803	\$ -	\$ 274,947
Construction in Progress	9,263	-	9,263	-
Total Capital Assets, not Being Depreciated	<u>267,407</u>	<u>16,803</u>	<u>9,263</u>	<u>274,947</u>
Other Capital Assets:				
Buildings and Improvements	1,655,166	73,308	-	1,728,474
Machinery and Equipment	1,171,508	36,410	14,500	1,193,418
Infrastructure	2,284,909	114,224	-	2,399,133
Total Capital Assets being Depreciated	<u>5,111,583</u>	<u>223,942</u>	<u>14,500</u>	<u>5,321,025</u>
Total Capital Assets	5,378,990	240,745	23,763	5,595,972
Less Accumulated Depreciation for:				
Buildings and Improvements	793,125	22,563	-	815,688
Equipment	731,364	79,116	14,500	795,980
Infrastructure	318,259	62,063	-	380,322
Total Accumulated Depreciation	<u>1,842,748</u>	<u>163,742</u>	<u>14,500</u>	<u>1,991,990</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,536,242</u>	<u>\$ 77,003</u>	<u>\$ 9,263</u>	<u>\$ 3,603,982</u>

Depreciation expense was not charged to specific governmental activities as the Village considers its assets to impact multiple activities and allocation is not practical. Depreciation expense for governmental activities for fiscal year ended December 31, 2010 amounted to \$163,742.

Business-Type Activities:

	<u>Balance 1/1/10</u>	<u>Additions/ Reclassifications</u>	<u>Disposals/ Reclassifications</u>	<u>Balance 12/31/10</u>
Water:				
Capital Assets, not being Depreciated:				
Land and Land Rights	\$ 15,456	\$ -	\$ -	\$ 15,456
Construction in Progress	-	-	-	-
Total Capital Assets, not Being Depreciated	<u>15,456</u>	<u>-</u>	<u>-</u>	<u>15,456</u>
Capital Assets being Depreciated:				
Property and Equipment	4,564,041	77,198	(1,377)	4,639,862
Total Capital Assets	4,579,497	77,198	(1,377)	4,655,318
Less: Accumulated Depreciation	<u>1,069,813</u>	<u>103,780</u>	<u>(1,377)</u>	<u>1,172,216</u>
Net Utility Plant	<u>\$ 3,509,684</u>	<u>\$ (26,582)</u>	<u>\$ -</u>	<u>\$ 3,483,102</u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 6 - CAPITAL ASSETS (Continued):

Business-Type Activities:

	<u>Balance 1/1/10</u>	<u>Additions/ Reclassifications</u>	<u>Disposals/ Reclassifications</u>	<u>Balance 12/31/10</u>
Sewer:				
Capital Assets, not being Depreciation:				
Land and Land Rights	\$ 2,519	\$ -	\$ -	\$ 2,519
Capital Assets being Depreciation:				
Property and Equipment	5,755,106	19,011	-	5,774,117
Total Capital Assets	5,757,625	19,011	-	5,776,636
Less: Accumulated Depreciation	2,308,975	150,508	-	2,459,483
Net Utility Plant	<u>\$ 3,448,650</u>	<u>\$ (131,497)</u>	<u>\$ -</u>	<u>\$ 3,317,153</u>

Depreciation expense was charged to the following business-type activities as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Depreciation Expense	\$ 103,780	\$ 150,508	\$ 254,288
Adjustment for Sewer Portion of Meter Depreciation	(2,671)	2,671	-
Net Depreciation	<u>\$ 101,109</u>	<u>\$ 153,179</u>	<u>\$ 254,288</u>

NOTE 7 - LONG-TERM OBLIGATIONS:

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2010:

	<u>Balance 1/1/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/10</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes Payable:					
General Obligation Debt	\$ 3,100,000	\$ -	\$ 100,000	\$ 3,000,000	\$ 100,000
Other Liabilities:					
Compensated Absences	27,177	4,998	836	31,339	15,670
Total Governmental Activities Long-Term Obligations	<u>\$ 3,127,177</u>	<u>\$ 4,998</u>	<u>\$ 100,836</u>	<u>\$ 3,031,339</u>	<u>\$ 115,670</u>
Business-Type Activities:					
Bonds Payable:					
Revenue Bond Debt	\$ 1,606,419	\$ -	\$ 102,780	\$ 1,503,639	\$ 104,125
Total Business Type Activities Long-Term Obligations	<u>\$ 1,606,419</u>	<u>\$ -</u>	<u>\$ 102,780</u>	<u>\$ 1,503,639</u>	<u>\$ 104,125</u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 7 - LONG-TERM OBLIGATIONS (Continued):

For governmental activities, compensated absences are liquidated by the general fund.

Total interest expense during the year on governmental activities long-term debt totaled \$152,289.

Total interest expense during the year on business-type activities on long-term debt totaled \$71,709.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the Village. General obligation debt at December 31, 2010, is comprised of the following individual issue:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Effective Rate</u>	<u>Original Debt</u>	<u>Balance 12/31/10</u>
Governmental Activities						
Long-Term Obligations:						
G.O. Promissory Notes	10/1/08	10/1/18	3.5-4.5%	4.37%	\$ 3,100,000	<u>\$ 3,000,000</u>
Total Governmental Activities Long-Term Obligations						<u>\$ 3,000,000</u>

The general obligation notes are subject to redemption prior to their stated maturities on October 1, 2018 or any date thereafter.

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Effective Rate</u>	<u>Original Debt</u>	<u>Balance 12/31/10</u>
Business-Type Activities						
Long-Term Obligations:						
1993 Sewer System Revenue Bond	8/31/97	5/1/13	.881%	.881%	\$ 1,725,096	\$ 278,446
Waterworks System Mortgage Revenue Bonds	1/23/09	2/1/49	4.625%	4.625%	1,246,000	<u>1,225,193</u>
Total Business-Type Activities Long-Term Obligations						<u>\$ 1,503,639</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Type Long-Term Debt		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 100,000	\$ 129,875	\$ 229,875
2012	125,000	126,125	251,125
2013	125,000	121,438	246,438
2014	150,000	116,438	266,438
2015	150,000	110,437	260,437
2016-2018	<u>2,350,000</u>	<u>291,656</u>	<u>2,641,656</u>
Total	<u>\$ 3,000,000</u>	<u>\$ 895,969</u>	<u>\$ 3,895,969</u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 7 - LONG-TERM OBLIGATIONS (Continued):

Years	Business Type Long-Term Debt		Total
	Principal	Interest	
2011	\$ 104,125	\$ 58,581	\$ 162,706
2012	105,350	57,353	162,703
2012	106,907	55,792	162,699
2014	13,898	54,758	68,656
2015	14,548	54,108	68,656
2016-2020	83,296	259,984	343,280
2021-2025	104,871	238,409	343,280
2026-2030	131,815	211,465	343,280
2031-2035	165,684	177,596	343,280
2036-2040	208,196	135,084	343,280
2041-2045	261,796	81,484	343,280
2046-2049	203,153	17,959	221,112
Total	\$ 1,503,639	\$ 1,402,573	\$ 2,906,212

Estimated payments of accumulated employee benefits are not included in the above schedule.

The 2010 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$79,935,400. The legal debt limit and margin of indebtedness as of December 31, 2010, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$79,935,400)	\$ 3,996,770
Deduct long-term debt applicable to debt margin	3,000,000
Remaining Margin of Indebtedness Available	\$ 996,770

NOTE 8 - UNEARNED/DEFERRED REVENUES:

Governmental funds report deferred revenues 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 revenues reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property Taxes - Advance Collection	\$ -	\$ 711,633	\$ 711,633
Delinquent Personal Property Tax	499	-	499
Special Assessments Not Yet Due	2,790	-	2,790
Special Charges on Tax Roll	60	-	60
Delinquent TIF Developer Agreement	21,173	-	21,173
Other	9,200	-	9,200
Total	\$ 33,722	\$ 711,633	\$ 745,355

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 9 - NET ASSETS/FUND BALANCES:

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

Invested in Capital Assets, Net of Related Debt:	
Capital Assets Not Being Depreciated	\$ 292,922
Other Capital Assets, Net of Accumulated Depreciation	10,111,315
Less: Related Long-Term Debt Outstanding	<u>(4,503,640)</u>
Total Invested in Capital Assets	5,900,597
Net Assets Restricted For:	
Debt Service Requirement	113,544
Equipment Replacement	<u>49,214</u>
Total Restricted Net Assets	<u>162,758</u>
Unrestricted	<u>1,384,008</u>
Total Net Assets - Government-Wide Statements	<u><u>\$ 7,447,363</u></u>

Fund balances reported in the governmental funds balance sheet at December 31, 2010 are classified as follows:

Unreserved/Designated:

General Fund:	
River Ridge Park	\$ 19,173
Fire Equipment	4,518
Fire Station Improvements	10,263
Fire Training Site	360
Public Works Truck	47,646
Park Equipment	11,572
Police Vehicle	9,733
Cemetery	6,988
Sidewalks	8,176
County Trunk Highway A Project	400,038
Police Equipment	744
Police Auxiliary	239
Elections	527
Emergency Fund	98,365
Ditch Project	113
Littleland Park	2,858
Bench/Planters	15,006
Future Road Projects	20,005
Information Technology	548
Cash Flow Purposes	<u>145,541</u>
Total General Fund	<u>802,413</u>
Capital Projects Funds:	
Tax Incremental Financing District	<u>251,367</u>
Total Unreserved/Designated Governmental Fund Balances	<u><u>\$ 1,053,780</u></u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 10 - FIRE DEPARTMENT RETIREMENT:

The Crivitz Fire Department has enrolled in a length of service award program, a program developed by the State of Wisconsin. This is a defined contribution plan.

Upon completion of 10 years of service, participants will be 50% vested. An additional 5% vesting will be accumulated for each subsequent year of service. Upon completion of 20 years of service, participants will be fully vested.

The Village contributed \$4,548 for the year ended December 31, 2010.

NOTE 11 - DEFINED BENEFIT PENSION PLAN:

All eligible Village employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer defined benefit, public employee retirement system. All permanent employees expected to work at least 600 hours a year are eligible to participate in the WRS. Covered employees are required by statute to contribute 5.0% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for Village employees covered by the WRS for the year ended December 31, 2010, was \$294,134; the employer's total payroll was \$347,025. The total required contribution for the year ended December 31, 2010, was \$34,944, which consisted of \$17,292, or 5.9% of payroll from the employer and \$17,652, or 6.0% of payroll from employees. Total contributions for the years ended December 31, 2009 and 2008 were \$31,607 and \$30,902, respectively, equal to the required contributions for each year.

Employees who retire at or after 65 (62 elected officials and 54 for protective occupation employees with less than 25 years of service, 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 year's earnings. Employees terminating covered employment and submitting application 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 WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, Post Office Box 7931, Madison, WI 53707-7931.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 12 - 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; injuries to employees; employee health claims; unemployment compensation claims; and environmental damage for which the Village purchases commercial insurance. There has been no reduction in insurance coverage from the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in the past three years.

NOTE 13 - 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's 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 depend 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 the 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.

NOTE 14 - TAX INCREMENTAL DISTRICTS (TID):

The Village has established a Tax Incremental District (TID) that was created under the provisions of Wisconsin Statute Section 66.46. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the district. The tax on the increased value is called a tax increment.

The TID was formed to install public utilities (including sanitary and storm sewers, and water facilities) and streets on unimproved property together with such other development incentives that will allow development to take place.

The Statutes specify the period of time after creation date for a TID to incur project costs eligible for financing from tax increments. The Statutes further specify the period of time the TID may collect tax increments to repay project costs including principal and interest on long-term debt issued by the Village to finance such improvements. Project costs uncollected after the final dissolution date are absorbed by the municipality.

	<u>Creation Date</u>	<u>Last Date To Incur Project Costs</u>	<u>Final Dissolution Date</u>
TID	09/17/01	09/17/19	09/17/24

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2010

NOTE 14 - TAX INCREMENTAL DISTRICTS (TID) (Continued):

Since the creation of the TID, the Village has provided various financing sources. Detail of the amounts recoverable by the Village as of December 31, 2010 from future excess tax increment revenues follows:

	Cumulative Costs and Revenues Through December 31, 2010	Project Plan
Project Revenues:		
Tax Increments	\$ 945,506	\$ 3,779,300
State Aid - Exempt Computers	12,999	-
Investment Income	57,034	-
Other Revenue Sources	524,466	-
Total Revenues	1,540,005	3,779,300
Project Costs:		
Planning, Legal and Consulting	187,562	87,500
Engineering and Construction	2,159,600	890,000
Administration	63,476	50,000
Interest and Fiscal Charges	429,491	2,597,500
Discount on Long-Term Debt	-	99,300
Debt Issuance Cost	39,780	15,000
Refunding Cost	10,658	40,000
Total Expenditures	2,890,567	\$ 3,779,300
Net Costs Recoverable Through TID Increments	\$ 1,350,562	

NOTE 15 - EFFECT OF NEW ACCOUNTING STANDARDS ON FUTURE FINANCIAL STATEMENTS:

Early in 2009, the Government Accounting Standards Board (GASB) approved Statement No. 54. This Statement expands the classifications of fund balance from reserved and unreserved to nonspendable, restricted, committed, assigned, and unassigned; and revises the definitions of special revenue, capital projects, and debt service funds. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* is effective for the Village in 2011. The Village has not yet determined the effect of this Statement on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF CRIVITZ

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

General Fund

For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 400,064	\$ 400,556	\$ 400,435	\$ (121)
Intergovernmental	262,617	265,574	338,928	73,354
Regulation and Compliance	15,824	11,302	11,172	(130)
Fines, Forfeitures and Penalties	20,000	9,857	10,954	1,097
Public Charges for Services	4,350	5,699	5,606	(93)
Intergovernmental Charges for Services	38,367	40,309	40,309	-
Special Assessments	3,684	3,684	1,210	(2,474)
Miscellaneous	69,755	81,340	84,785	3,445
Total Revenues	<u>814,661</u>	<u>818,321</u>	<u>893,399</u>	<u>75,078</u>
EXPENDITURES:				
Current:				
General Government	222,709	197,403	196,615	788
Public Safety	307,975	299,368	291,629	7,739
Public Works	218,263	212,249	184,574	27,675
Culture, Recreation and Education	24,247	25,655	26,392	(737)
Conservation and Development	703	703	-	703
Health and Human Service	13,415	31,019	10,895	20,124
Capital Outlay	4,000	126,085	225,373	(99,288)
Total Expenditures	<u>791,312</u>	<u>892,482</u>	<u>935,478</u>	<u>(42,996)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES				
	<u>23,349</u>	<u>(74,161)</u>	<u>(42,079)</u>	<u>32,082</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(63,011)	(63,011)	(63,011)	-
Property Tax Equivalent	44,896	44,896	72,203	27,307
Total Other Financing Uses	<u>(18,115)</u>	<u>(18,115)</u>	<u>9,192</u>	<u>27,307</u>
NET CHANGE IN FUND BALANCE	5,234	(92,276)	(32,887)	59,389
FUND BALANCE - BEGINNING	<u>835,300</u>	<u>835,300</u>	<u>835,300</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 840,534</u>	<u>\$ 743,024</u>	<u>\$ 802,413</u>	<u>\$ 59,389</u>

VILLAGE OF CRIVITZ
Notes to Required Supplementary Information
December 31, 2010

BUDGETARY CONTROLS:

The Village follows these procedures in establishing the budgetary data:

- During the year, Village management submits to the Village Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by Village Board action.
- Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- During the year, formal budgetary integration is employed as a management control device for the general fund.
- Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the Village. Amendments to the budget during the year require initial approval by management and are subsequently authorized by the Village Board with a two-thirds majority vote.

INDIVIDUAL FUNDS DISCLOSURES:

Excess Expenditures Over Budget

The following individual functions had an excess of expenditures over the budget for the year ended December 31, 2010:

General Fund:		
Culture, Recreation, and Education	\$	737
Capital Outlay		99,288

SUPPLEMENTARY INFORMATION

VILLAGE OF CRIVITZ, WISCONSIN
Schedule of Detailed Revenue Budgetary Comparison
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
TAXES:				
General Property Taxes	\$ 393,864	\$ 394,356	\$ 394,030	\$ (326)
Payments in Lieu of Taxes	3,000	3,000	3,000	-
Mobile Home Fees	3,200	3,200	3,405	205
Total Taxes	<u>400,064</u>	<u>400,556</u>	<u>400,435</u>	<u>(121)</u>
INTERGOVERNMENTAL:				
Shared Revenues	178,867	178,755	178,755	-
Fire Insurance Dues	2,195	2,375	2,376	1
Law Enforcement Aid	400	400	360	(40)
Transportation Aid	76,795	76,795	76,796	1
State Computer Aid	2,200	983	983	-
State Election Aid	160	54	138	84
State Grants	-	5,305	5,305	-
Federal Grant	2,000	907	74,215	73,308
Total Intergovernmental	<u>262,617</u>	<u>265,574</u>	<u>338,928</u>	<u>73,354</u>
REGULATION AND COMPLIANCE:				
Liquor/Beer Licenses	3,400	2,725	2,725	-
Operators Licenses	2,100	2,100	2,083	(17)
Cigarette Licenses	900	600	600	-
Mobile Home Park Licenses	94	94	-	(94)
Flea Market License	3,200	2,625	2,625	-
Other Licenses	2,500	2,024	2,024	-
Dog License	130	130	111	(19)
Building Permits	3,500	1,004	1,004	-
Total Regulation and Compliance	<u>15,824</u>	<u>11,302</u>	<u>11,172</u>	<u>(130)</u>
FINES AND FORFEITS:				
Court Penalties and Fines	20,000	9,857	10,954	1,097
PUBLIC CHARGES FOR SERVICES:				
Clerk's Fees	150	502	502	-
Law Enforcement Fees	50	50	70	20
Fire Protection Fees	150	-	-	-
Highway Maintenance	100	1,180	1,180	-
Public Health	-	67	74	7
Event Admissions	3,000	3,000	2,980	(20)
Cemetery Grave Sales	800	800	800	-
Other Public Charges	100	100	-	(100)
Total Public Charges for Services	<u>4,350</u>	<u>5,699</u>	<u>5,606</u>	<u>(93)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES:				
Fire Protection	38,367	40,309	40,309	-
SPECIAL ASSESSMENTS	<u>3,684</u>	<u>3,684</u>	<u>1,210</u>	<u>(2,474)</u>

VILLAGE OF CRIVITZ, WISCONSIN
Schedule of Detailed Revenue Budgetary Comparison
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
MISCELLANEOUS REVENUES:				
Rents	\$ 1,200	\$ -	\$ -	\$ -
Interest	18,000	5,000	15,061	10,061
Donations	-	15,100	15,000	(100)
Other	50,555	61,240	54,724	(6,516)
Total Miscellaneous Revenues	<u>69,755</u>	<u>81,340</u>	<u>84,785</u>	<u>3,445</u>
OTHER FINANCING SOURCES:				
Property Tax Equivalent	44,896	44,896	72,203	27,307
Total Other Financing Sources	<u>44,896</u>	<u>44,896</u>	<u>72,203</u>	<u>27,307</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 859,557</u>	<u>\$ 863,217</u>	<u>\$ 965,602</u>	<u>\$ 102,385</u>

VILLAGE OF CRIVITZ, WISCONSIN
Schedule of Detailed Expenditures Budgetary Comparison
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT:				
Legislative - Village Board	\$ 20,638	\$ 18,523	\$ 17,781	\$ 742
Judicial	9,921	9,937	8,779	1,158
Legal	12,969	13,869	13,630	239
President	4,914	4,721	4,378	343
Clerk/Treasurer	48,905	51,181	48,412	2,769
Elections	3,965	3,665	3,659	6
Audit and Accounting	7,750	7,750	7,750	-
Assessment of Property	8,269	7,799	7,800	(1)
Village Hall	25,753	25,753	28,409	(2,656)
General Insurance	65,690	54,205	56,005	(1,800)
Information Technology	13,935	-	12	(12)
Total General Government	<u>222,709</u>	<u>197,403</u>	<u>196,615</u>	<u>788</u>
PUBLIC SAFETY:				
Police	121,053	123,119	116,488	6,631
Fire	172,537	158,572	156,819	1,753
Ambulance	8,348	8,348	8,348	-
Inspection	5,937	7,503	8,148	(645)
Disaster Control	100	1,826	1,826	-
Total Public Safety	<u>307,975</u>	<u>299,368</u>	<u>291,629</u>	<u>7,739</u>
PUBLIC WORKS:				
Street Maintenance	118,253	97,315	72,071	25,244
Street Lighting	53,560	54,780	52,590	2,190
Sidewalks	-	2,195	2,195	-
Storm Water Control	-	12,475	12,474	1
Parking Facilities	500	836	836	-
Garbage Collection	30,700	30,872	30,872	-
Solid Waste Disposal	15,200	13,726	13,531	195
Weed Control	50	50	5	45
Total Public Works	<u>218,263</u>	<u>212,249</u>	<u>184,574</u>	<u>27,675</u>
CULTURE, RECREATION AND EDUCATION:				
Programs and Events	6,300	8,508	6,902	1,606
Parks	17,947	17,147	19,490	(2,343)
Total Culture, Recreation and Education	<u>24,247</u>	<u>25,655</u>	<u>26,392</u>	<u>(737)</u>
CONSERVATION AND DEVELOPMENT:				
Economic Development	703	703	-	703
Total Conservation and Development	<u>703</u>	<u>703</u>	<u>-</u>	<u>703</u>
HEALTH AND HUMAN SERVICES:				
Cemetery	13,065	30,169	10,075	20,094
Public Health - Dog Control	350	850	820	30
Total Health and Human Services	<u>13,415</u>	<u>31,019</u>	<u>10,895</u>	<u>20,124</u>

VILLAGE OF CRIVITZ, WISCONSIN
Schedule of Detailed Expenditures Budgetary Comparison
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CAPITAL OUTLAY:				
Village Hall	-	7,223	67,951	(60,728)
Elections	-	4,475	4,475	-
Police	-	15,600	15,554	46
Fire	4,000	13,500	12,475	1,025
Streets	-	81,477	108,115	(26,638)
Cemetery	-	1,905	16,803	(14,898)
Parks	-	1,905	-	1,905
Total Capital Outlay	<u>4,000</u>	<u>126,085</u>	<u>225,373</u>	<u>(99,288)</u>
OTHER FINANCING USES:				
Transfers Out	63,011	63,011	63,011	-
Total Other Financing Uses	<u>63,011</u>	<u>63,011</u>	<u>63,011</u>	<u>-</u>
TOTAL EXPENNDITURES AND OTHER FINANCING USES	<u>\$ 854,323</u>	<u>\$ 955,493</u>	<u>\$ 998,489</u>	<u>\$ (42,996)</u>

OTHER REPORTS



UNGER & WALTERS, S.C.

Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the Village Board
Village of Crivitz
Crivitz, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Crivitz (Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 13, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct material misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as finding #10-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial

To the Members of the Village Board
Village of Crivitz
Crivitz, Wisconsin

statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Village in a separate letter dated April 13, 2011.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of management, Village Board, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



UNGER & WALTERS, S.C.
Certified Public Accountants
April 13, 2011

VILLAGE OF CRIVITZ
Schedule of Findings and Responses
For the Year December 31, 2010

Financial Statement Findings

Material Weakness

#10-1 Lack of Segregation of Duties

Criteria: Management of the Village is responsible for establishing and maintaining effective internal controls.

Condition: Various functions of the Village are performed by the same person.

Effect: Unauthorized transactions could occur in the Village's operations.

Cause: Limited staff available to segregate duties

Recommendation: Management and the Village Board should monitor the operations of the Village on a continuing basis keeping in mind the lack of segregation of duties.

Management Response: Management and the Village Board are aware of the lack of segregation of duties and will continue to rely on compensating controls as it is not practical to hire additional staff.

VILLAGE OF CRIVITZ
Corrective Action Plan
For the Year Ended December 31, 2010

SEGREGATION OF DUTIES - The Village is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced whenever possible, and the Village Board reviews monthly cash balances and approves invoices prior to payment.

VILLAGE OF CRIVITZ
Schedule of Prior Audit Findings
For the Year Ended December 31, 2010

Financial Statement Findings

#09-1 Lack of Segregation of Duties - Various functions of the Village are performed by the same individual.

Status: The Village is aware of the lack of segregation of duties caused by the limited size of its staff. Segregation of duties is enhanced wherever possible by compensating controls and Board involvement. The Village has concluded that it is not financially feasible to hire additional staff to properly segregate duties.

#09-2 Financial Accounting and Reporting - The Village Clerk/Treasurer does not have the training to prepare the financial statements and related notes in accordance with generally accepted accounting principles.

Status: The Village has continued to rely on the assistance of the auditors for preparation of the financial statements and related notes. The Village Board and management can still accept responsibility for the financial statements and notes based on their review of the audited financial statements with the auditor.