

**VILLAGE OF SISTER BAY, WISCONSIN**  
**ANNUAL FINANCIAL REPORT**  
**DECEMBER 31, 2008**

**VILLAGE OF SISTER BAY, WISCONSIN**  
December 31, 2008

Table of Contents

	<u>Page No.</u>
<b>INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS</b>	1 - 2
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Assets	3
Statement of Activities	4 - 5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6 - 7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8 - 10
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	11
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Marina Fund	12
Statement of Net Assets - Proprietary Fund Type - Enterprise Funds	13
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Fund Type - Enterprise Funds	14
Statement of Cash Flows - Proprietary Fund Type - Enterprise Funds	15
Notes to Basic Financial Statements	16 - 31
<b>SUPPLEMENTAL INFORMATION</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	33
General Fund	
Detailed Comparison of Budgeted and Actual Revenues	34
Detailed Comparison of Budgeted and Actual Expenditures	35
Schedule of Water Department Operating Revenues and Expenses	36
Schedule of Wastewater Department Operating Revenues and Expenses	37

## INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS

To the Village Board  
Village of Sister Bay, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sister Bay, Wisconsin ("the Village") as of and for the year ended December 31, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Sister Bay's management. Our responsibility is to express opinions on these basic financial statements based on our audit. The prior year summarized comparative information has been derived from the Village's 2007 financial statements and, in our report dated April 28, 2008, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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 significant estimates made by management, as well as evaluating the overall basic 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund 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 3, 2009, on our consideration of the Village's internal control over financial reporting and 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.

The Village has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial information listed in the table of contents as supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Scheuch SC*

Certified Public Accountants  
Green Bay, Wisconsin  
April 3, 2009

## **BASIC FINANCIAL STATEMENTS**

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Net Assets**  
**December 31, 2008**  
(With Summarized Financial Information as of December 31, 2007)

	Governmental Activities	Business-type Activities	Totals	
			2008	2007
<b>ASSETS</b>				
Cash and investments	\$ 2,185,385	\$ 749,774	\$ 2,935,159	\$ 3,187,573
Receivables				
Taxes	4,021,316	-	4,021,316	4,080,236
Accounts	28,710	183,253	211,963	199,188
Special assessments	6,065	276,023	282,088	320,607
Internal balances	(199,354)	199,354	-	-
Due from other governments	7,879	51	7,930	7,929
Inventories and prepaid items	17,889	19,595	37,484	21,375
Unamortized debt discount	33,219	-	33,219	68,056
Investment in joint venture	459,433	-	459,433	-
Restricted assets				
Cash and investments	622,340	1,439,660	2,062,000	2,725,057
Capital assets, nondepreciable				
Land	6,859,457	168,263	7,027,720	7,027,722
Construction in progress	328,373	-	328,373	87,556
Capital assets, depreciable				
Land improvements	3,027,456	-	3,027,456	2,689,063
Buildings	3,325,652	5,265,717	8,591,369	8,582,423
Machinery and equipment	219,838	1,671,774	1,891,612	1,954,426
Infrastructure	944,051	7,641,147	8,585,198	8,510,294
Less: Accumulated depreciation	(1,842,876)	(6,439,349)	(8,282,225)	(7,662,326)
<b>TOTAL ASSETS</b>	<b>20,044,833</b>	<b>11,175,262</b>	<b>31,220,095</b>	<b>31,799,179</b>
<b>LIABILITIES</b>				
Accounts payable	103,181	13,644	116,825	149,230
Accrued and other current liabilities	42,870	6,104	48,974	99,547
Accrued interest payable	84,048	9,595	93,643	89,224
Due to other governments	3,049,608	-	3,049,608	3,157,822
Unearned revenues	1,759,942	-	1,759,942	1,601,873
Long-term obligations				
Due within one year	843,200	281,800	1,125,000	1,269,000
Due in more than one year	10,123,704	1,542,711	11,666,415	12,290,830
<b>TOTAL LIABILITIES</b>	<b>16,006,553</b>	<b>1,853,854</b>	<b>17,860,407</b>	<b>18,657,526</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,538,791	6,914,894	9,453,685	9,165,393
Restricted for plant replacement	-	910,852	910,852	761,246
Restricted for impact fees	-	111,963	111,963	104,214
Unrestricted	1,499,489	1,383,699	2,883,188	3,110,800
<b>TOTAL NET ASSETS</b>	<b>\$ 4,038,280</b>	<b>\$ 9,321,408</b>	<b>\$ 13,359,688</b>	<b>\$ 13,141,653</b>

The notes to the basic financial statements are an integral part of this statement.

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Activities**  
**For the Year Ended December 31, 2008**  
(With Summarized Financial Information for Year Ended December 31, 2007)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 536,381	\$ 78,163	\$ 11,003	\$ -
Administration	312,722	-	-	-
Parks and streets	1,054,141	320,397	77,196	-
Interest on debt	488,935	-	-	-
<b>Total Governmental Activities</b>	<b>2,392,179</b>	<b>398,560</b>	<b>88,199</b>	<b>-</b>
<b>Business-type Activities:</b>				
Water utility	337,387	358,253	-	3,547
Wastewater utility	907,908	463,844	-	83,351
<b>Total Business-type Activities</b>	<b>1,245,295</b>	<b>822,097</b>	<b>-</b>	<b>86,898</b>
<b>Total</b>	<b>\$ 3,637,474</b>	<b>\$ 1,220,657</b>	<b>\$ 88,199</b>	<b>\$ 86,898</b>

General revenues  
Taxes  
Property taxes, levied for general purposes  
Property taxes, levied for debt service  
Room tax  
Federal and state grants and other contributions  
not restricted to specific functions  
Interest and investment earnings  
Miscellaneous  
Special item - gain on sale of asset  
Transfers  
Total general revenues and transfers

Change in net assets

Prior period adjustment

Net assets - January 1

Net assets - December 31

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Totals	
		2008	2007
\$ (447,215)	\$ -	\$ (447,215)	\$ (413,876)
(312,722)	-	(312,722)	(318,122)
(656,548)	-	(656,548)	(313,970)
(488,935)	-	(488,935)	(269,870)
<u>(1,905,420)</u>	<u>-</u>	<u>(1,905,420)</u>	<u>(1,315,838)</u>
-	24,413	24,413	(39,646)
-	(360,713)	(360,713)	(233,720)
-	<u>(336,300)</u>	<u>(336,300)</u>	<u>(273,366)</u>
<u>(1,905,420)</u>	<u>(336,300)</u>	<u>(2,241,720)</u>	<u>(1,589,204)</u>
905,166	-	905,166	849,770
696,561	-	696,561	585,427
125,039	-	125,039	117,864
15,719	-	15,719	33,558
89,557	61,303	150,860	195,930
93,037	1,540	94,577	87,079
12,400	-	12,400	-
<u>(132,011)</u>	<u>132,011</u>	<u>-</u>	<u>-</u>
<u>1,805,468</u>	<u>194,854</u>	<u>2,000,322</u>	<u>1,869,628</u>
(99,952)	(141,446)	(241,398)	280,424
459,433	-	459,433	-
<u>3,678,799</u>	<u>9,462,854</u>	<u>13,141,653</u>	<u>12,861,229</u>
<u>\$ 4,038,280</u>	<u>\$ 9,321,408</u>	<u>\$ 13,359,688</u>	<u>\$ 13,141,653</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2008**  
(With Summarized Financial Information for December 31, 2007)

	General Fund	Marina	Debt Service	Capital Projects
<b>ASSETS</b>				
Cash and investments	\$ 1,250,972	\$ 420,789	\$ 2,657	\$ 503,182
Receivables				
Taxes	3,198,755	-	822,561	-
Accounts	22,609	1,453	4,648	-
Special assessments	6,065	-	-	-
Due from other funds	22,914	-	724	-
Investment in joint venture	459,433	-	-	-
Due from other governments	-	-	-	7,879
Inventories and prepaid items	17,889	-	-	-
Restricted cash and investments	-	-	-	622,340
<b>TOTAL ASSETS</b>	<b>\$ 4,978,637</b>	<b>\$ 422,242</b>	<b>\$ 830,590</b>	<b>\$ 1,133,401</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 61,537	\$ 1,775	\$ 2,785	\$ 35,708
Accrued and other current liabilities	26,086	16,784	-	-
Due to other funds	32,272	-	-	-
Due to other governments	3,049,608	-	-	-
Deferred revenues	937,381	-	822,561	-
<b>Total Liabilities</b>	<b>4,106,884</b>	<b>18,559</b>	<b>825,346</b>	<b>35,708</b>
<b>Fund Balances</b>				
<b>Reserved for</b>				
Investment in joint venture	459,433	-	-	-
Inventories and prepaid items	17,889	-	-	-
<b>Unreserved</b>				
Designated for subsequent year expenditures	-	403,683	-	1,097,693
<b>Undesignated, reported in</b>				
General fund	394,431	-	-	-
Debt service fund	-	-	5,244	-
Capital projects funds	-	-	-	-
<b>Total Fund Balances (Deficit)</b>	<b>871,753</b>	<b>403,683</b>	<b>5,244</b>	<b>1,097,693</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,978,637</b>	<b>\$ 422,242</b>	<b>\$ 830,590</b>	<b>\$ 1,133,401</b>

Reconciliation to the Statement of Net Assets

Total Fund Balances as shown above

Amounts reported for governmental activities in the statement of net assets are different because:

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

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable

Unamortized debt discount

Long-term advance from enterprise fund

Compensated absences

Accrued interest on long-term obligations

Net Assets of Governmental Activities as Reported on the Statement of Net Assets  
(see page 3)

The notes to the basic financial statements are an integral part of this statement.

TID Fund	Other Governmental Funds	Total Governmental Funds	
		2008	2007
\$ -	\$ 7,785	\$ 2,185,385	\$ 1,982,846
-	-	4,021,316	4,080,236
-	-	28,710	23,300
-	-	6,065	8,804
-	-	23,638	193,911
-	-	459,433	-
-	-	7,879	7,879
-	-	17,889	326
-	-	622,340	1,461,229
<b>\$ -</b>	<b>\$ 7,785</b>	<b>7,372,655</b>	<b>7,758,531</b>

\$ 1,300	\$ 76	\$ 103,181	\$ 120,487
-	-	42,870	94,763
10,720	-	42,992	53,596
-	-	3,049,608	3,157,822
-	-	1,759,942	1,601,873
<b>12,020</b>	<b>76</b>	<b>4,998,593</b>	<b>5,028,541</b>

-	-	459,433	-
-	-	17,889	-
-	7,709	1,509,085	2,411,260
-	-	394,431	329,317
-	-	5,244	(10,587)
(12,020)	-	(12,020)	-
<b>(12,020)</b>	<b>7,709</b>	<b>2,374,062</b>	<b>2,729,990</b>
<b>\$ -</b>	<b>\$ 7,785</b>	<b>\$ 7,372,655</b>	<b>\$ 7,758,531</b>

\$ 2,374,062 \$ 2,729,990

12,861,951 12,469,531

(10,945,500) (11,278,700)  
33,219 41,519  
(180,000) (180,000)  
(21,404) (21,735)  
(84,048) (81,806)

**\$ 4,038,280 \$ 3,678,799**

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2008**  
(With Summarized Financial Information for Year Ended December 31, 2007)

	General Fund	Marina	Debt Service	Capital Projects
<b>Revenues</b>				
Taxes	\$ 905,270	\$ -	\$ 821,600	\$ -
Intergovernmental	101,017	-	-	-
Licenses and permits	18,677	-	-	-
Public charges for services	42,237	313,999	-	-
Miscellaneous	151,799	19,878	205	40,106
<b>Total Revenues</b>	<b>1,219,000</b>	<b>333,877</b>	<b>821,805</b>	<b>40,106</b>
<b>Expenditures</b>				
Current				
General government	440,966	-	-	-
Administration	312,722	-	-	-
Parks and streets	499,052	115,588	-	-
Debt service				
Principal	-	-	333,200	-
Interest and fiscal charges	-	-	478,393	-
Capital outlay	-	-	-	899,449
<b>Total Expenditures</b>	<b>1,252,740</b>	<b>115,588</b>	<b>811,593</b>	<b>899,449</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(33,740)</b>	<b>218,289</b>	<b>10,212</b>	<b>(859,343)</b>
<b>Other Financing Sources (Uses)</b>				
Long-term debt issued	-	-	-	-
Debt issuance cost	-	-	-	-
Transfers in	97,694	-	137,630	26,150
Transfers out	(98,815)	(167,659)	(132,011)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,121)</b>	<b>(167,659)</b>	<b>5,619</b>	<b>26,150</b>
<b>Net Change in Fund Balances</b>	<b>(34,861)</b>	<b>50,630</b>	<b>15,831</b>	<b>(833,193)</b>
<b>Prior Period Adjustment</b>	<b>459,433</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficit) - January 1</b>	<b>447,181</b>	<b>353,053</b>	<b>(10,587)</b>	<b>1,930,886</b>
<b>Fund Balances (Deficit) - December 31</b>	<b>\$ 871,753</b>	<b>\$ 403,683</b>	<b>\$ 5,244</b>	<b>\$ 1,097,693</b>

(Continued)

TID Fund	Other Governmental Funds	Total Governmental Funds	
		2008	2007
\$ -	\$ -	\$ 1,726,870	\$ 1,571,045
-	-	101,017	99,542
-	-	18,677	25,957
-	8,715	364,951	360,017
-	735	212,723	194,268
-	9,450	2,424,238	2,250,829
-	-	440,966	419,305
-	-	312,722	310,197
-	16,198	630,838	572,543
-	-	333,200	314,900
-	-	478,393	203,206
12,020	-	911,469	5,047,852
12,020	16,198	3,107,588	6,868,003
(12,020)	(6,748)	(683,350)	(4,617,174)
-	-	-	6,500,000
-	-	-	(41,519)
-	5,000	266,474	145,044
-	-	(398,485)	(284,227)
-	5,000	(132,011)	6,319,298
(12,020)	(1,748)	(815,361)	1,702,124
-	-	459,433	-
-	9,457	2,729,990	1,027,866
\$ (12,020)	\$ 7,709	\$ 2,374,062	\$ 2,729,990

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**Year Ended December 31, 2008**  
(With Summarized Financial Information for Year Ended December 31, 2007)

Reconciliation to the Statement of Activities

	2008	2007
Net Change in Fund Balances as shown on previous page	\$ (815,361)	\$ 1,702,124
 Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital assets reported as capital outlay in governmental fund statements	\$ 594,159	
Depreciation expense reported in the statement of activities	(201,739)	
Amount by which capital outlays are less than depreciation current period	392,420	4,807,524
 In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the gain (or loss) on the disposal is reported.		
Proceeds from the disposition of capital assets as reported on the governmental funds operating statement	\$ -	
Book value of retired capital asset	-	
Loss on disposition reported on the statement of activities	-	(5,000)
 Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This year the accrual of these benefits decreased by:		
	331	12,325
 Some capital assets acquired during the year were financed with debt. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net assets, however, debt constitutes a long-term liability. The amount of debt reported in the governmental funds statement is:		
	-	(6,500,000)
 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. The amount of repayment in the current year is:		
	333,200	314,900
 Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid, in the statement of activities interest is reported as it accrues.		
	(2,242)	(66,665)
 Bond issue costs are reported in the governmental funds as an expenditure. In the statement of activities, these costs are capitalized and amortized over the life of the bonds.		
	(8,300)	41,519
Change in Net Assets of Governmental Activities as Reported in the Statement of Activities (see pages 4 - 5)	\$ (99,952)	\$ 306,727

The notes to the basic financial statements are an integral part of this statement.

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**Year Ended December 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 905,181	\$ 905,181	\$ 905,270	\$ 89
Intergovernmental	97,111	97,111	101,017	3,906
Licenses and permits	41,645	41,645	18,677	(22,968)
Public charges for services	38,600	38,600	42,237	3,637
Miscellaneous	136,883	136,883	151,799	14,916
<b>Total Revenues</b>	<b>1,219,420</b>	<b>1,219,420</b>	<b>1,219,000</b>	<b>(420)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	466,772	466,772	440,966	25,806
Administration	326,638	326,638	312,722	13,916
Parks and streets	472,819	472,819	499,052	(26,233)
<b>Total Expenditures</b>	<b>1,266,229</b>	<b>1,266,229</b>	<b>1,252,740</b>	<b>13,489</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(46,809)</b>	<b>(46,809)</b>	<b>(33,740)</b>	<b>13,069</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	100,055	100,055	97,694	(2,361)
Transfers out	(110,815)	(110,815)	(98,815)	12,000
<b>Total Other Financing Sources (Uses)</b>	<b>(10,760)</b>	<b>(10,760)</b>	<b>(1,121)</b>	<b>9,639</b>
<b>Net Change in Fund Balance</b>	<b>(57,569)</b>	<b>(57,569)</b>	<b>(34,861)</b>	<b>22,708</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>459,433</b>	<b>459,433</b>
<b>Fund Balance - January 1</b>	<b>447,181</b>	<b>447,181</b>	<b>447,181</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 389,612</b>	<b>\$ 389,612</b>	<b>\$ 871,753</b>	<b>\$ 482,141</b>

The notes to the basic financial statements are an integral part of this statement.

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Marina Fund**  
**Year Ended December 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Public charges for services	\$ 304,400	\$ 304,400	\$ 313,999	\$ 9,599
Miscellaneous	20,300	20,300	19,878	(422)
<b>Total Revenues</b>	<b>324,700</b>	<b>324,700</b>	<b>333,877</b>	<b>9,177</b>
<b>Expenditures</b>				
Current				
Parks and streets	117,573	117,573	115,588	1,985
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>207,127</b>	<b>207,127</b>	<b>218,289</b>	<b>11,162</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(244,868)	(244,868)	(167,659)	77,209
<b>Net Change in Fund Balance</b>	<b>(37,741)</b>	<b>(37,741)</b>	<b>50,630</b>	<b>88,371</b>
<b>Fund Balance - January 1</b>	<b>353,053</b>	<b>353,053</b>	<b>353,053</b>	<b>-</b>
<b>Fund Balance - December 31</b>	<b>\$ 315,312</b>	<b>\$ 315,312</b>	<b>\$ 403,683</b>	<b>\$ 88,371</b>

The notes to the basic financial statements are an integral part of this statement.

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Net Assets**  
**Proprietary Fund Type - Enterprise Funds**  
**December 31, 2008**  
(With Summarized Financial Information as of December 31, 2007)

	Utility Fund	
	2008	2007
<b>ASSETS</b>		
Cash and investments	\$ 749,774	\$ 1,204,727
Receivables		
Accounts	183,253	175,888
Special assessments	276,023	311,803
Restricted cash and investments	1,439,660	1,263,828
Due from other funds	19,354	40,187
Due from other governments	51	50
Inventory	19,487	16,862
Prepaid items	108	4,187
Long-term advance due from capital projects fund	180,000	180,000
Capital assets		
Land	168,263	168,265
Buildings	5,265,717	5,256,771
Machinery and equipment	1,671,774	1,749,537
Infrastructure	7,641,147	7,566,243
Less accumulated depreciation	<u>(6,439,349)</u>	<u>(6,021,189)</u>
Net capital assets	8,307,552	8,719,627
Unamortized debt discount	-	26,537
<b>TOTAL ASSETS</b>	<u>11,175,262</u>	<u>11,943,696</u>
<b>LIABILITIES</b>		
Accounts payable	13,644	28,743
Accrued and other current liabilities	6,104	18,879
Due to other funds	-	180,502
Accrued interest	9,595	7,418
Long-term obligations		
Due within one year	281,800	439,000
Due in more than one year	<u>1,542,711</u>	<u>1,806,300</u>
<b>TOTAL LIABILITIES</b>	<u>1,853,854</u>	<u>2,480,842</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,914,894	6,474,325
Restricted for plant replacement	910,852	761,246
Restricted for impact fee collections	111,963	104,214
Unreserved	<u>1,383,699</u>	<u>2,123,069</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 9,321,408</u>	<u>\$ 9,462,854</u>

The notes to the basic financial statements are an integral part of this statement.

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Fund Type - Enterprise Funds**  
**Year Ended December 31, 2008**  
(With Summarized Financial Information for Year Ended December 31, 2007)

	Utility Funds	
	2008	2007
<b>Operating Revenues</b>		
Metered or measured sales		
Residential	\$ 333,154	\$ 310,696
Commercial	212,352	213,561
Public authorities	24,869	23,214
Public fire protection	91,459	53,192
Private fire protection	7,557	3,767
Unmetered sales	885	2,004
Services to other systems	49,954	49,379
Other sewage service	75,031	72,668
Forfeited discounts	2,228	2,288
Other revenues	21,008	14,448
<b>Total Operating Revenues</b>	<b>818,497</b>	<b>745,217</b>
<b>Operating Expenses</b>		
Plant operation and maintenance	441,031	380,614
Administrative and general	208,632	178,187
Outside services employed	41,983	52,627
Depreciation	418,760	408,481
Taxes	17,025	15,610
<b>Total Operating Expenses</b>	<b>1,127,431</b>	<b>1,035,519</b>
<b>Operating Income (Loss)</b>	<b>(308,934)</b>	<b>(290,302)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	61,303	106,100
Contributions from other municipalities for debt service	81,784	82,179
Connection fees	3,600	18,000
Impact fees	5,114	25,572
Amortization of debt issuance expense	(26,537)	(26,535)
Interest on long-term debt	(91,327)	(102,141)
Miscellaneous nonoperating income	1,540	1,780
<b>Total Nonoperating Revenues (Expenses)</b>	<b>35,477</b>	<b>104,955</b>
<b>Net Loss before Transfers and Contributions</b>	<b>(273,457)</b>	<b>(185,347)</b>
Transfer from debt service fund	132,011	139,183
Customer contributions	-	19,858
<b>Change in Net Assets</b>	<b>(141,446)</b>	<b>(26,306)</b>
<b>Net Assets - January 1</b>	<b>9,462,854</b>	<b>9,489,160</b>
<b>Net Assets - December 31</b>	<b>\$ 9,321,408</b>	<b>\$ 9,462,854</b>

The notes to the basic financial statements are an integral part of this statement.

**VILLAGE OF SISTER BAY, WISCONSIN**

Statement of Cash Flows

Proprietary Fund Type - Enterprise Funds

Year Ended December 31, 2008

(With Summarized Financial Information for Year Ended December 31, 2007)

	Utility Fund	
	2008	2007
<b>Cash Flows from Operating Activities</b>		
Cash received from user charges	\$ 787,803	\$ 706,852
Cash received from other governments	24,868	24,073
Cash payments to suppliers	(494,393)	(401,184)
Cash payments to employees	(225,687)	(204,609)
Net Cash Provided by Operating Activities	<u>92,591</u>	<u>125,132</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Changes in assets and liabilities		
Due from other funds	(159,669)	145,575
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(6,684)	(78,299)
Contributions from property owners	39,380	62,390
Contributions from general fund for debt service	132,011	139,183
Contributions from other municipalities for debt service	81,784	82,179
Impact fees	5,114	25,572
Principal payments of long-term debt	(435,800)	(320,100)
Interest payments on long-term debt	(89,151)	(103,110)
Net Cash Provided by Capital and Related Financing Activities	<u>(273,346)</u>	<u>(192,185)</u>
<b>Cash Flows from Investing Activities</b>		
Interest income	61,303	106,100
<b>Net Change in Cash and Cash Equivalents</b>	(279,121)	184,622
<b>Cash and Cash Equivalents - January 1</b>	<u>2,468,555</u>	<u>2,283,933</u>
<b>Cash and Cash Equivalents - December 31</b>	<u>\$ 2,189,434</u>	<u>\$ 2,468,555</u>
<b>Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets</b>		
Cash and investments	\$ 749,774	\$ 1,204,727
Restricted cash and investments	1,439,660	1,263,828
Total Cash and Cash Equivalents	<u>\$ 2,189,434</u>	<u>\$ 2,468,555</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (308,934)	\$ (290,302)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	418,760	408,481
Miscellaneous income	1,540	1,780
Changes in assets and liabilities		
Accounts receivable	(7,365)	(16,931)
Inventory	(2,625)	(3,921)
Prepaid expenses	4,079	6,273
Accounts payable	(15,099)	13,247
Accrued liabilities	2,236	5,646
Due from other governments	(1)	859
Net Cash Provided by Operating Activities	<u>\$ 92,591</u>	<u>\$ 125,132</u>
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital asset additions contributed by developers	<u>\$ -</u>	<u>\$ 2,750</u>

The notes to the basic financial statements are an integral part of this statement.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Village of Sister Bay, Wisconsin ("the Village") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Village are described below:

1. Reporting Entity

The Village of Sister Bay is a municipal corporation governed by an elected seven member board. In accordance with GAAP, the basic financial statements are required to include the Village (the primary government) and any separate component units that have a significant operational or financial relationship with the Village. The Village has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Joint Ventures

Sister Bay/Liberty Grove Joint Fire Department

The Village of Sister Bay and the Town of Liberty Grove formed a joint fire department in the 1930's to provide for services to its citizens. The costs of these services are shared by the Village and Town on a basis of 1/3 of the cost being paid by the Village and 2/3 of the cost being paid by the Town. These percentages are based on the approximate percentage of the assessed property value of the Village and the Town to the total assessed property of each entity combined. During 2008, the Village remitted \$94,027 to the joint fire department. Complete financial information for Sister Bay/Liberty Grove Fire Department can be obtained from the department office in Sister Bay.

In 2008, a prior period adjustment was recorded in the amount of \$459,433. The adjustment was recorded to account for the Village's share of the investment in the Sister Bay/Liberty Grove Joint Fire Department.

Municipal Taxpayer Commission

The Village of Sister Bay is a participant with the Village of Ephraim, and the Towns of Gibraltar, Liberty Grove, Baileys Harbor, Washington, and Sevastopol, in a joint venture to fund activities to modify, reduce, or eliminate taxes imposed for the support of the technical college system. The Municipal Taxpayer Commission was formed for that purpose and is governed by members appointed by each participating municipality. In 2008, the Village did not remit an operating appropriation to the Commission. Complete financial information for the Municipal Taxpayer Commission can be obtained from the Village of Ephraim Administrator.

Joint Public Library Facility

The Village of Sister Bay and the Town of Liberty Grove entered into an agreement on June 12, 2001 for the purpose of constructing and maintaining a building to be used as a joint public library facility. The construction costs and annual building operation and maintenance costs are to be financed 1/2 by the Village and 1/2 by the Town. During 2008, the Village remitted an operating appropriation of \$24,065 to the joint library facility.

The operation of the library is part of the Door County Consolidated Library System in accordance with an agreement with Door County.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Door County Tourism Zone

The Village of Sister Bay is a participant with the Villages of Egg Harbor, and Ephraim and the Towns of Baileys Harbor, Brussels, Clay Banks, Egg Harbor, Gibraltar, Jacksonport, Liberty Grove, Nasewaupsee, Sevastapol and Washington, in a joint venture to create the Door County Tourism Zone as prescribed under Wisconsin Statute 66.0615. The City of Sturgeon Bay joined the Tourism Zone as of January 1, 2009. The Tourism Zone is responsible for collecting a 5.5% room tax on the gross receipts from retail furnishing of rooms or lodgings over all of the member municipalities. The Tourism Zone pays 66% of the room tax collected to the Door County Visitor Bureau, 30% to the member municipalities and retains 4% for its operations. During 2008, the Village of Sister Bay received \$125,039 of room tax from the Tourism Zone. Complete financial information for the Door County Tourism Zone Commission can be obtained from their office in Sister Bay.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The Village has no internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Village reports the following major governmental funds:

**GENERAL FUND**

This is the Village's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**SPECIAL REVENUE FUND**

**Marina Fund**

This fund is used to account for all financial resources and uses of the Marina operations.

**DEBT SERVICE FUND**

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CAPITAL PROJECTS FUNDS**

**Capital Projects**

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**TID Fund**

The Tax Incremental District (TID) capital projects fund is used to account for financial resources used to acquire or construct capital assets in the Village's TID.

The Village reports the following major enterprise fund:

**UTILITY FUND**

This fund is used to account for the operations of the Village's water and wastewater utilities.

**4. Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected not to follow subsequent private-sector guidance.

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 wastewater functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 Village's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

5. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount 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 to the basic financial statements.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the financial statements.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of \$1,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	Governmental	Business-type
	Activities	Activities
	Years	
Land improvements	20 - 50	-
Buildings	25 - 40	25 - 50
Improvements other than buildings	25 - 100	25 - 100
Machinery and equipment	3 - 10	3 - 10
Infrastructure	15 - 40	-

g. Compensated Absences

The Village has recorded liabilities for accrued employee vacations, sick leave and compensatory time. Under terms of employment, employees are granted vacations and sick leave in varying amounts. Employees are not allowed to accumulate unused vacation pay. Accrued sick leave is paid to employees with 20 years or more of service at 50% of their current pay rate when they leave employment.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

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

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less 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 - Amount of net assets that are subject to restrictions that are imposed 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 - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

7. Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

**NOTE B - STEWARDSHIP AND COMPLIANCE**

1. Budgets and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During November, 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.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. 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.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)**

- c. During the year, formal budgetary integration is employed as a management control device for the governmental funds.
- d. 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.
- e. Encumbrance accounting is not used by the Village to record commitments related to unperformed contracts for goods or services.

The Village did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2008.

2. Deficit Fund Equity

Fund	Deficit Fund Equity
TID Fund	\$ 12,020

The Village anticipates funding the above deficits from future revenues and tax levies of the fund.

**NOTE C - DETAILED NOTES ON ALL FUNDS**

1. Cash and Investments

The Village maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the Village's cash and investments totaled \$4,997,159 on December 31, 2008 as summarized below:

Deposits with financial institutions	\$ 1,733,128
Investments	
Repurchase agreements	2,642,806
Wisconsin local government investment pool	621,225
	\$ 4,997,159

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 2,935,159
Restricted cash and investments	<u>2,062,000</u>
	<u>\$ 4,997,159</u>

Deposits and investments of the Village are subject to various risks. Presented below is a discussion of the Village's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The Village does not have an additional custodial credit risk policy.

Deposits with financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian through December 31, 2009. In addition, the Village's non-interest bearing transaction accounts are fully insured under the Temporary Liquidity Guarantee Program through December 31, 2009. On January 1, 2010, the coverage limit for all accounts will return to \$100,000 for interest bearing accounts and \$100,000 for non-interest bearing accounts. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2008, \$684,737 of the Village's deposits with financial institutions were in excess of federal and state depository insurance limits and uncollateralized.

On December 31, 2008, the Village held repurchase agreement investments of \$2,642,806 of which the underlying securities are held by the investment's counterparty, not in the name of the Village.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The Village does not have an additional credit risk policy. Presented below is the actual rating as of year end for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Wisconsin local government investment pool	\$ 621,225	\$ -	\$ -	\$ -	\$ 621,225

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Village investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Bay Lake Bank	Repurchase Agreements	\$ 2,642,806	81%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Village's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Village's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Repurchase agreements	\$ 2,642,806	\$ 2,642,806	\$ -	\$ -	\$ -
Wisconsin local government investment pool	621,225	621,225	-	-	-
<b>Totals</b>	<b>\$ 3,264,031</b>	<b>\$ 3,264,031</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Investment in Wisconsin Local Government Investment Pool

The Village has investments in the Wisconsin local government investment pool of \$621,225 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2008, the fair value of the Village's share of the LGIP's assets was substantially equal to the carrying value.

Investments in the Wisconsin Local Government Investment Pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund insurance, and income on the investment during the calendar quarter a loss occurs.

2. Property Taxes

Property taxes consist of taxes on real estate and personal property. They are levied during December of the prior year 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 January 31 are purchased by the County as part of the February tax settlement. Delinquent personal property taxes remain the collection responsibility of the Village.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

The Village bills its own property taxes and also levies taxes for the Gibraltar School District, Door County, Northeast Wisconsin Technical College, and the State of Wisconsin. The Village contracts with the Door County Treasurer to collect taxes.

**3. Restricted Assets**

Restricted assets on December 31, 2008 totaled \$2,062,000 and consisted of cash and investments held for the following purposes:

Capital Projects	\$ 622,340
Debt proceeds being held for projects	<u>622,340</u>
Enterprise Fund	
Water Department	
Plant replacement	277,582
Wastewater Department	
Debt proceeds	416,845
Plant replacement	633,270
Impact fee collections	111,963
Total Enterprise Fund Restricted Cash and Investments	<u>1,439,660</u>
Total Restricted Assets	<u>\$ 2,062,000</u>

**4. Capital Assets**

Capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,859,457	\$ -	\$ -	\$ 6,859,457
Construction in progress	87,556	240,817	-	328,373
Total capital assets, not being depreciated	<u>6,947,013</u>	<u>240,817</u>	-	<u>7,187,830</u>
Capital assets, being depreciated:				
Land improvements	2,689,063	338,394	-	3,027,457
Buildings	3,325,652	-	-	3,325,652
Machinery and equipment	204,889	14,948	-	219,837
Infrastructure	944,051	-	-	944,051
Subtotals	<u>7,163,655</u>	<u>353,342</u>	-	<u>7,516,997</u>
Less accumulated depreciation for:				
Land improvements	794,565	76,537	-	871,102
Buildings	626,187	69,435	-	695,622
Machinery and equipment	92,939	13,285	-	106,224
Infrastructure	127,446	42,482	-	169,928
Subtotals	<u>1,641,137</u>	<u>201,739</u>	-	<u>1,842,876</u>
Total capital assets, being depreciated, net	<u>5,522,518</u>	<u>151,603</u>	-	<u>5,674,121</u>
Governmental activities capital assets, net	<u>\$ 12,469,531</u>	<u>\$ 392,420</u>	\$ -	12,861,951
Less related long-term debt outstanding (net of \$622,340 of debt proceeds on hand)				<u>10,323,160</u>
Invested in capital assets, net of related debt				<u>\$ 2,538,791</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 168,263	\$ -	\$ -	\$ 168,263
<b>Capital assets, being depreciated:</b>				
Buildings	5,265,717	-	-	5,265,717
Machinery and equipment	1,671,774	-	-	1,671,774
Infrastructure	7,635,060	6,684	600	7,641,144
Subtotals	14,572,551	6,684	600	14,578,635
<b>Less accumulated depreciation for:</b>				
Buildings	440,989	178,565	-	619,554
Machinery and equipment	722,040	96,054	-	818,094
Infrastructure	4,858,160	144,141	600	5,001,701
Subtotals	6,021,189	418,760	600	6,439,349
Total capital assets, being depreciated, net	8,551,362	(412,076)	-	8,139,286
Business-type activities capital assets, net	<u>\$ 8,719,625</u>	<u>\$ (412,076)</u>	<u>\$ -</u>	8,307,549
Less related long-term debt outstanding (net of \$416,845 of debt proceeds on hand)				<u>1,392,655</u>
Invested in capital assets, net of related debt				<u>\$ 6,914,894</u>
Depreciation expense was charged to functions of the Village as follows:				
<b>Governmental activities</b>				
General government				\$ 80,516
Parks and streets				121,223
Total depreciation expense - governmental activities				<u>\$ 201,739</u>
<b>Business-type activities</b>				
Water utility				\$ 97,737
Wastewater utility				321,023
Total depreciation expense - business-type activities				<u>\$ 418,760</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**5. Interfund Receivable, Payables, and Transfers**

Interfund receivables and payables between individual funds of the Village, as reported in the fund financial statements, as of December 31, 2008 are detailed below:

	Interfund Receivables	Interfund Payables
Operating Accounts Between Funds and		
Cash Advances to Finance Deficits		
General Fund	\$ 22,914	\$ 32,272
Debt Service Fund	724	-
Enterprise Fund	19,354	-
TID Capital Project Fund	-	10,720
Long-term Advance		
Enterprise Fund	180,000	-
Governmental Activities - Capital Project Fund	-	180,000
<b>Totals</b>	<b>\$ 222,992</b>	<b>\$ 222,992</b>

The long-term advance due from the capital projects fund to the enterprise fund was made to provide funds for capital expenditures. The advance is presently scheduled to be repaid in 2010.

Interfund transfers for the year ended December 31, 2008 were as follows:

	Transfer to:					
	Utility Fund	General Fund	Capital Projects	Debt Service	Non-major Funds	Total
Transfers from:						
General Fund	\$ -	\$ -	\$ 20,998	\$ 72,817	\$ 5,000	\$ 98,815
Special Revenue Funds						
Marina	-	97,694	5,152	64,813	-	167,659
Debt Service Fund	132,011	-	-	-	-	132,011
<b>Totals</b>	<b>\$ 132,011</b>	<b>\$ 97,694</b>	<b>\$ 26,150</b>	<b>\$ 137,630</b>	<b>\$ 5,000</b>	<b>\$ 398,485</b>

The transfer of \$97,694 to the general fund consisted of \$68,469 from the Marina fund and \$29,225 was for payment in lieu of taxes which were both budgeted for in 2008. The transfer of \$5,152 to the capital projects fund was for capital outlay. The transfer of \$64,813 to the debt service fund was a budgeted transfer to finance debt requirements. The transfer of \$132,011 to the utility fund was for a subsidy to the wastewater fund for debt payments. There were also budgeted operating transfers from the general fund to capital projects fund \$20,998, debt service fund \$72,817, and the ice rink \$5,000.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

**6. Deferred Revenues**

Governmental activities and governmental funds 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 resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unearned
General Fund	
Subsequent year tax levy receivable	\$ 937,381
Debt Service Fund	
Subsequent year tax levy receivable	822,561
Totals	\$ 1,759,942

**7. Long-term Obligations**

The following is a summary of changes in long-term obligations of the Village for the year ended December 31, 2008:

	Outstanding 1/1/08	Issued	Retired	Outstanding 12/31/08	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Debt					
Notes	\$ 525,000	\$ -	\$ 25,000	\$ 500,000	\$ 500,000
Promissory note	400,000	-	100,000	300,000	100,000
Refunding bonds	3,853,700	-	208,200	3,645,500	243,200
Total General Obligation Debt	4,778,700	-	333,200	4,445,500	843,200
Note anticipation note	6,500,000	-	-	6,500,000	-
Compensated absences	21,735	-	331	21,404	-
Governmental activities					
Long-term obligations	\$ 11,300,435	\$ -	\$ 333,531	\$ 10,966,904	\$ 843,200
<b>Business-type activities:</b>					
General Obligation Debt					
Notes	\$ 169,000	\$ -	\$ 169,000	\$ -	\$ -
Refunding bonds	2,076,300	-	266,800	1,809,500	281,800
Total General Obligation Debt	2,245,300	-	435,800	1,809,500	281,800
Compensated absences	14,095	916	-	15,011	-
Business-type activities					
Long-term obligations	\$ 2,259,395	\$ 916	\$ 435,800	\$ 1,824,511	\$ 281,800

Total interest paid during the year on long-term debt totaled \$507,753.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)**

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Notes

\$550,000 issued 5/13/05 for construction of infrastructure; \$500,000 due in 2009;  
interest 5.0% \$ 500,000

Promissory Note

\$750,000 issued 12/30/03 for purchase of waterfront property; \$100,000 due annually  
through 2011; interest at 5.0% 300,000

Refunding Bonds

\$6,830,000 issued 4/15/05 for various village projects; \$350,000 to \$625,000 due  
annually through 2019; interest 2.25% to 4.75% 5,455,000

Total Outstanding General Obligation Debt \$ 6,255,000

Annual principal and interest maturities of the outstanding general obligation debt of \$6,255,000 on December 31, 2008 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 843,200	\$ 191,943	\$ 281,800	\$ 76,602	\$ 1,125,000	\$ 268,545
2010	361,500	155,042	88,500	66,035	450,000	221,077
2011	386,500	139,583	98,500	62,495	485,000	202,078
2012	324,800	123,123	110,200	58,555	435,000	181,678
2013	363,100	110,131	136,900	54,147	500,000	164,278
2014-2018	1,841,800	336,351	868,200	178,675	2,710,000	515,026
2019	324,600	15,419	225,400	10,707	550,000	26,126
	<u>\$ 4,445,500</u>	<u>\$ 1,071,592</u>	<u>\$ 1,809,500</u>	<u>\$ 507,216</u>	<u>\$ 6,255,000</u>	<u>\$ 1,578,808</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The Village's legal margin for creation of additional general obligation debt on December 31, 2008 was \$14,546,640 as follows:

Equalized valuation of the Village	\$416,032,800
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>20,801,640</u>
Outstanding general obligation debt applicable to debt limitation	<u>6,255,000</u>
Legal Margin for New Debt	<u>\$ 14,546,640</u>

Note Anticipation Note

On October 17, 2007, the Village issued a note anticipation note of \$6,500,000 for various capital expenditures. The notes are due in 2012 with interest payable semi-annually at 4.25%. Interest of \$276,250 is due annually through 2012. It is anticipated that the notes will be financed by the issuance and sale of general obligation promissory notes.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE D - OTHER INFORMATION**

1. Retirement Commitments

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 over 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% for Protective Occupations with Social Security, and 3.4% for Protective Occupations without 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, 2008 was \$392,457; the employer's total payroll was \$541,054. The total required contribution for the year ended December 31, 2008 was \$41,600, which consisted of \$18,053, or 4.6% of covered payroll from the employer and \$23,547, or 6.0% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2008 was financed by the Village. Total contributions for the years ending December 31, 2008 and 2007 were \$42,498 and \$43,020 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 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 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 which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

2. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The Village completes an annual review of its insurance coverage to ensure adequate coverage.

**VILLAGE OF SISTER BAY, WISCONSIN**  
Notes to Basic Financial Statements  
December 31, 2008

**NOTE D - OTHER INFORMATION (Continued)**

3. Property Tax Levy Limit

Wisconsin Act 25, effective July 27, 2005, imposed a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period. Wisconsin State Budget bill SB40 continues the limit on the property tax levies through 2009. The budget bill limits the increase in the maximum allowable tax levy to the greater of the percentage change in the Village's January 1 equalized value as a result of net new construction or 3.86% in the 2008 budget and 2.0% in the 2009 budget. The actual limit for the Village for the 2009 budget was 2.0%. The levy limit is applied to both operations and debt service. However, the Act allows the limit to be increased for debt service authorized prior to July 1, 2005 and in certain other situations.

4. Contingencies

From time to time, the Village is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel 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.

## **SUPPLEMENTAL INFORMATION**

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2008**  
(With Comparative Amounts for December 31, 2007)

	Ice Rink	Skate Park	Total Governmental Funds	
			2008	2007
<b>ASSETS</b>				
Cash and investments	\$ 4,177	\$ 3,608	\$ 7,785	\$ 383,390
Receivables				
Accounts	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,177</b>	<b>\$ 3,608</b>	<b>\$ 7,785</b>	<b>\$ 383,390</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 76	\$ -	\$ 76	\$ 2,679
Accrued and other current liabilities	-	-	-	18,201
<b>Total Liabilities</b>	<b>76</b>	<b>-</b>	<b>76</b>	<b>20,880</b>
<b>Fund Balances - Unreserved</b>				
Designated for subsequent year expenditures	4,101	3,608	7,709	362,510
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,177</b>	<b>\$ 3,608</b>	<b>\$ 7,785</b>	<b>\$ 383,390</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2008**  
**(With Comparative Amounts for the Year Ended December 31, 2007)**

	Ice Rink	Skate Park	Total Governmental Funds	
			2008	2007
<b>Revenues</b>				
Public charges for services	\$ 8,715	\$ -	\$ 8,715	\$ 316,208
Miscellaneous	722	13	735	28,212
<b>Total Revenues</b>	<b>9,437</b>	<b>13</b>	<b>9,450</b>	<b>344,420</b>
<b>Expenditures</b>				
Current				
Parks and streets	16,198	-	16,198	125,375
<b>Excess of Revenues Over (Under)</b>				
Expenditures	(6,761)	13	(6,748)	219,045
<b>Other Financing Sources (Uses)</b>				
Transfers in	5,000	-	5,000	5,000
Transfers out	-	-	-	(140,044)
<b>Total Other Financing Sources (Uses)</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>(135,044)</b>
<b>Net Change in Fund Balances</b>	<b>(1,761)</b>	<b>13</b>	<b>(1,748)</b>	<b>84,001</b>
<b>Fund Balances - January 1</b>	<b>5,862</b>	<b>3,595</b>	<b>9,457</b>	<b>278,509</b>
<b>Fund Balances - December 31</b>	<b>\$ 4,101</b>	<b>\$ 3,608</b>	<b>\$ 7,709</b>	<b>\$ 362,510</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**General Fund**  
**Detailed Comparison of Budgeted and Actual Revenues**  
**Year Ended December 31, 2008**  
(With Comparative Amounts for the Year Ended December 31, 2007)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2007
	Original	Final			
<b>Taxes</b>					
General property	\$ 905,166	\$ 905,166	\$ 905,166	\$ -	\$ 849,770
Managed forestland taxes	15	15	23	8	16
Room taxes	-	-	-	-	117,864
Forest use penalties	-	-	81	81	17,968
<b>Total Taxes</b>	<b>905,181</b>	<b>905,181</b>	<b>905,270</b>	<b>89</b>	<b>985,618</b>
<b>Intergovernmental</b>					
<b>State</b>					
Municipal services	500	500	140	(360)	457
Fire insurance	11,500	11,500	10,863	(637)	10,554
Transportation	69,682	69,682	69,682	-	60,593
Shared taxes	14,175	14,175	14,175	-	14,175
Exempt computer aid	1,250	1,250	1,436	186	1,395
Forest cropland	4	4	4	-	4
County recycling rebates	-	-	4,717	4,717	4,485
<b>Total Intergovernmental</b>	<b>97,111</b>	<b>97,111</b>	<b>101,017</b>	<b>3,906</b>	<b>91,663</b>
<b>Licenses and Permits</b>					
Liquor	8,360	8,360	7,760	(600)	8,430
Operators	300	300	320	20	310
Soda	150	150	130	(20)	145
Cigarette	50	50	40	(10)	50
Dog	12	12	8	(4)	14
Parking	23	23	126	103	153
Zoning	2,000	2,000	850	(1,150)	1,210
Building permits	30,000	30,000	8,718	(21,282)	15,070
Other permits	750	750	725	(25)	575
<b>Total Licenses and Permits</b>	<b>41,645</b>	<b>41,645</b>	<b>18,677</b>	<b>(22,968)</b>	<b>25,957</b>
<b>Public Charges for Services</b>					
Publication fees	400	400	380	(20)	380
Engineering fees	1,000	1,000	3,343	2,343	1,464
Administration fees	8,000	8,000	6,511	(1,489)	10,794
Festival fees	22,500	22,500	24,134	1,634	23,444
Miscellaneous fees	6,700	6,700	7,869	1,169	7,727
<b>Total Public Charges for Services</b>	<b>38,600</b>	<b>38,600</b>	<b>42,237</b>	<b>3,637</b>	<b>43,809</b>
<b>Miscellaneous</b>					
Rental income	19,000	19,000	17,249	(1,751)	18,563
Interest on investments	40,000	40,000	40,000	-	46,646
Reimbursement from Utility	73,383	73,383	73,364	(19)	70,044
Miscellaneous	4,500	4,500	21,186	16,686	5,803
<b>Total Miscellaneous</b>	<b>136,883</b>	<b>136,883</b>	<b>151,799</b>	<b>14,916</b>	<b>141,056</b>
<b>Total Revenues</b>	<b>\$ 1,219,420</b>	<b>\$ 1,219,420</b>	<b>\$ 1,219,000</b>	<b>\$ (420)</b>	<b>\$ 1,288,103</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**General Fund**  
**Detailed Comparison of Budgeted and Actual Expenditures**  
**Year Ended December 31, 2008**  
(With Comparative Amounts for the Year Ended December 31, 2007)

	Budget		Actual	Variance with Final Budget Positive (Negative)	Actual 2007
	Original	Final			
<b>General Government</b>					
Direct employee costs	\$ 44,160	\$ 44,160	\$ 34,111	\$ 10,049	\$ 40,260
Indirect employee costs	2,550	2,550	2,593	(43)	2,681
Utility costs	93,020	93,020	95,263	(2,243)	86,703
Supplies	4,650	4,650	6,504	(1,854)	3,788
Other services	117,500	117,500	97,079	20,421	109,570
Maintenance	13,100	13,100	13,327	(227)	18,596
Support	180,792	180,792	191,404	(10,612)	153,353
Contingency	11,000	11,000	685	10,315	4,354
<b>Total General Government</b>	<b>466,772</b>	<b>466,772</b>	<b>440,966</b>	<b>25,806</b>	<b>419,305</b>
<b>Administration</b>					
Direct employee costs	281,438	281,438	274,416	7,022	265,112
Indirect employee costs	4,450	4,450	2,486	1,964	3,636
Utility costs	5,900	5,900	6,547	(647)	5,588
Supplies	18,200	18,200	16,683	1,517	17,726
Other services	16,000	16,000	12,170	3,830	18,026
Maintenance	650	650	420	230	109
<b>Total Administration</b>	<b>326,638</b>	<b>326,638</b>	<b>312,722</b>	<b>13,916</b>	<b>310,197</b>
<b>Parks and Streets</b>					
Direct employee costs	235,269	235,269	227,973	7,296	228,392
Indirect employee costs	1,350	1,350	1,881	(531)	613
Utility costs	49,850	49,850	50,392	(542)	47,675
Supplies	5,350	5,350	4,149	1,201	4,074
Other services	100,600	100,600	132,822	(32,222)	87,154
Maintenance	61,000	61,000	65,604	(4,604)	56,757
Vehicles	19,400	19,400	16,231	3,169	21,599
<b>Total Parks and Streets</b>	<b>472,819</b>	<b>472,819</b>	<b>499,052</b>	<b>(26,233)</b>	<b>446,264</b>
<b>Total Expenditures</b>	<b>\$ 1,266,229</b>	<b>\$ 1,266,229</b>	<b>\$ 1,252,740</b>	<b>\$ 13,489</b>	<b>\$ 1,175,766</b>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Schedule of Water Department Operating Revenues and Expenses**  
**Year Ended December 31, 2008**  
**With Comparative Amounts for the Year Ended December 31, 2007**

	2008	2007
<b>Operating Revenues</b>		
<b>Sales of Water</b>		
Residential sales	\$ 135,117	\$ 109,547
Commercial sales	85,350	70,565
Public fire protection	91,459	53,192
Private fire protection	7,557	3,767
Other sales to public authorities	17,267	14,438
Unmetered sales	885	2,004
<b>Total Sales of Water</b>	<u>337,635</u>	<u>253,513</u>
<b>Other Operating Revenues</b>		
Forfeited discounts	981	797
Other water revenues	19,637	9,665
<b>Total Other Operating Revenues</b>	<u>20,618</u>	<u>10,462</u>
<b>Total Operating Revenues</b>	<u>358,253</u>	<u>263,975</u>
<b>Operating Expenses</b>		
<b>Operation and maintenance</b>		
Supervision and labor	64,101	66,797
Power purchased for pumping	20,319	19,662
Chemicals	799	852
Operating supplies and expenses	11,775	7,917
Repairs of water plant	10,740	10,570
Transportation expense	3,434	3,379
Administrative and general salaries	22,189	20,589
Office supplies and expenses	6,339	5,087
Outside services employed	12,926	21,773
Insurance expense	9,281	10,384
Employee pensions and benefits	43,597	33,589
Miscellaneous general expenses	7,228	7,229
<b>Total Operation and Maintenance Expenses</b>	<u>212,728</u>	<u>207,828</u>
Depreciation	95,158	83,158
Taxes	6,463	6,468
<b>Total Operating Expenses</b>	<u>314,349</u>	<u>297,454</u>
<b>Operating Income (Loss)</b>	<u>\$ 43,904</u>	<u>\$ (33,479)</u>

**VILLAGE OF SISTER BAY, WISCONSIN**  
**Schedule of Wastewater Department Operating Revenues and Expenses**  
**Year Ended December 31, 2008**  
**With Comparative Amounts for the Year Ended December 31, 2007**

	2008	2007
<b>Operating Revenues</b>		
<b>Sales of Water</b>		
Sewage service		
Residential	\$ 198,037	\$ 201,149
Commercial	127,002	142,996
Service to public authorities	7,602	8,776
<b>Total Sewage Service</b>	<u>332,641</u>	<u>352,921</u>
<b>Other Operating Revenues</b>		
Forfeited discounts	1,247	1,491
Services to other systems	49,954	49,379
Other sewage service	75,031	72,668
Miscellaneous	1,371	4,783
<b>Total Other Operating Revenues</b>	<u>127,603</u>	<u>128,321</u>
<b>Total Operating Revenues</b>	<u>460,244</u>	<u>481,242</u>
<b>Operating Expenses</b>		
<b>Operation and maintenance</b>		
Supervision and labor	113,038	96,400
Power purchased for pumping	68,607	57,463
Chemicals	11,591	15,603
Other operating supplies	21,933	15,622
Maintenance of collection system	35,550	15,057
Maintenance of treatment and disposal equipment	45,380	39,738
Maintenance of general plant structures and equipment	1,972	911
Transportation expense	5,114	4,286
Administrative and general salaries	28,595	26,469
Office supplies and expenses	7,134	5,161
Outside services employed	29,057	30,854
Insurance expense	13,922	13,084
Employee pensions and benefits	63,276	48,474
Sludge expense	26,678	26,357
Miscellaneous general expenses	7,071	8,121
<b>Total Operation and Maintenance Expenses</b>	<u>478,918</u>	<u>403,600</u>
<b>Depreciation</b>	323,602	325,323
<b>Taxes - FICA</b>	<u>10,562</u>	<u>9,142</u>
<b>Total Operating Expenses</b>	<u>813,082</u>	<u>738,065</u>
<b>Operating Income (Loss)</b>	<u>\$ (352,838)</u>	<u>\$ (256,823)</u>