

VILLAGE OF CRIVITZ, WISCONSIN

Annual Financial Report

December 31, 2008

VILLAGE OF CRIVITZ, WISCONSIN

Table of Contents

December 31, 2008

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
MANAGEMENT DISCUSSION AND ANALYSIS	3 - 9
FINANCIAL STATEMENTS:	
Statement of Net Assets	10
Statement of Activities	11 - 12
Balance Sheet – Governmental Funds	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Assets – Proprietary Funds	16
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Statement of Net Assets – Fiduciary Funds	19
Notes to Financial Statements	20 - 36
REQUIRED SUPPLEMENTARY INFORMATION:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	37
Notes to Required Supplementary Information	38
SUPPLEMENTARY INFORMATION:	
Schedule of Detailed Revenue Budgetary Comparison – General Fund	39 - 40
Schedule of Detailed Expenditures Budgetary Comparison – General Fund	41 - 42
ADDITIONAL REPORTS:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43 - 44
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	45 - 46
FEDERAL AWARDS SECTION:	
Schedule of Expenditures of Federal Awards	47
Notes to the Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49 - 50
Prior Audit Findings	51
Corrective Action Plan	52

INDEPENDENT AUDITORS' REPORT



KERBER, ROSE & ASSOCIATES, S.C.

Certified Public Accountants

1727 Stephenson St., P.O. Box 75 • Marinette, WI 54143
(715) 735-9321 • Fax (715) 735-5899

INDEPENDENT AUDITORS' 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 (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'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 basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 of Crivitz as of December 31, 2008, 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 May 14, 2009, 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 important for assessing the results of our audit.

The management discussion and analysis on pages 3 through 9 and budgetary comparison information on pages 39 through 42 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Village Board
Crivitz, Wisconsin

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedule of detailed revenue budgetary comparison - general fund and schedule of detailed expenditures budgetary comparison - general fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Village. The schedule of detailed revenue budgetary comparison – general fund and schedule of detailed expenditures budgetary comparison – general fund and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kerber, Rose & Associates, S.C.

KERBER, ROSE & ASSOCIATES, S.C.
Certified Public Accountants
May 14, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2008

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, 2008.

Financial Highlights

- The assets of the Village exceeded its liabilities as of December 31, 2008, by \$7,015,567 (*net assets*). Of this amount, \$863,900 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 \$28,348 with a \$64,680 increase in the investment in capital assets, net of related debt.
- As of December 31, 2008, the Village's governmental funds reported a combined ending fund balance of \$1,191,655 an increase of \$598,914 in comparison with the prior year. Approximately 10 percent of this total, or \$119,708, is available for spending at the government's discretion (*unreserved, undesignated fund balance*).
- As of December 31, 2008 the unreserved, undesignated fund balance for the general fund was \$119,708 or approximately 13 percent of total anticipated general fund expenditures of \$951,672 for 2009.
- The Village's total general obligation debt increased by \$456,669.

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, 2008

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, 2008

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 \$7,015,567 at the close of 2008.

NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$ 1,928,169	\$ 1,143,535	\$ 607,621	\$ 598,714	\$ 2,535,790	\$ 1,742,249
Capital Assets	3,521,824	3,649,861	6,731,610	5,541,639	10,253,434	9,191,500
Total Assets	<u>5,449,993</u>	<u>4,793,396</u>	<u>7,339,231</u>	<u>6,140,353</u>	<u>12,789,224</u>	<u>10,933,750</u>
Long-Term Liabilities						
Outstanding	3,224,868	2,766,481	1,760,047	587,428	4,984,915	3,353,909
Other Liabilities	<u>743,832</u>	<u>591,605</u>	<u>44,910</u>	<u>1,016</u>	<u>788,742</u>	<u>592,621</u>
Total Liabilities	<u>3,968,700</u>	<u>3,358,086</u>	<u>1,804,957</u>	<u>588,444</u>	<u>5,773,657</u>	<u>3,946,530</u>
Net Assets:						
Invested in Capital						
Assets Net of Related Debt	778,356	906,530	5,147,065	4,954,211	5,925,421	5,860,741
Restricted	-	-	226,246	499,852	226,246	499,852
Unrestricted	<u>702,937</u>	<u>528,780</u>	<u>160,963</u>	<u>97,846</u>	<u>863,900</u>	<u>626,626</u>
Total Net Assets	<u>\$ 1,481,293</u>	<u>\$ 1,435,310</u>	<u>\$ 5,534,274</u>	<u>\$ 5,551,909</u>	<u>\$ 7,015,567</u>	<u>\$ 6,987,219</u>

The largest portion of the Village's net assets (approximately 84 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 in the amount of \$72,138 is restricted for debt service and \$154,108 for equipment replacement.

The remaining balance of unrestricted net assets \$863,900 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, 2008

Government-Wide Financial Analysis (Continued):

VILLAGE OF CRIVITZ CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 81,556	\$ 69,245	\$ 471,877	\$ 468,089	\$ 553,433	\$ 537,334
Operating Grants and Contributions	100,729	66,910	-	-	100,729	66,910
Capital Grants and Contributions	-	95,197	-	-	-	95,197
General Revenues:						
Property Taxes	520,698	465,225	-	-	520,698	465,225
Intergovernmental Revenues not Restricted to Specific Programs	197,381	187,862	-	-	197,381	187,862
Other	179,124	117,936	21,820	21,830	200,944	139,766
Total Revenues	<u>1,079,488</u>	<u>1,002,375</u>	<u>493,697</u>	<u>489,919</u>	<u>1,573,185</u>	<u>1,492,294</u>
Expenses:						
General Government	241,159	236,176	-	-	241,159	236,176
Public Safety	262,613	322,232	-	-	262,613	322,232
Public Works	208,626	254,454	-	-	208,626	254,454
Health and Human Services	28,455	16,864	-	-	28,455	16,864
Culture and Recreation	38,191	25,384	-	-	38,191	25,384
Development	3,759	2,667	-	-	3,759	2,667
Interest on Debt	143,481	99,237	-	-	143,481	99,237
Depreciation - Unallocated	151,696	-	-	-	151,696	-
Water Utility	-	-	157,626	132,050	157,626	132,050
Sewer Utility	-	-	309,231	289,113	309,231	289,113
Total Expenses	<u>1,077,980</u>	<u>957,014</u>	<u>511,332</u>	<u>432,214</u>	<u>1,544,837</u>	<u>1,389,228</u>
Increase in Net Assets before Transfers	1,508	45,361	26,840	57,705	28,348	114,117
Transfers	44,475	11,051	(44,475)	(11,051)	-	-
Net Assets - Beginning of Year	<u>1,435,310</u>	<u>1,378,898</u>	<u>5,551,909</u>	<u>5,494,204</u>	<u>6,987,219</u>	<u>6,873,102</u>
Net Assets - End of Year	<u>\$ 1,481,293</u>	<u>\$ 1,435,310</u>	<u>\$ 5,534,274</u>	<u>\$ 5,551,909</u>	<u>\$ 7,015,567</u>	<u>\$ 6,987,219</u>

Revenues increased by \$80,891 due to slight variances in all revenue areas, the greatest variances were a \$61,178 increase in other revenues and a \$55,473 increase in property tax revenues.

Expenses increased by \$166,660 due to increases in interest expense and water and sewer utility expenses.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2008

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, 2008, the Village's governmental funds reported combined ending fund balances of \$1,191,655 an increase of \$598,914 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, 2008, the total fund balance of the general fund was \$922,726. All of which all was unreserved. This unreserved fund balance represents approximately 68 percent of 2008 total general fund expenditures.

The fund balance of the general fund increased by \$341,051 in 2008.

The *TID #1 fund* has a fund balance of \$268,929. The fund balance increased by \$257,863.

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 a \$22,362. There was a total decrease in net assets of \$42,416.

Unrestricted net assets of the sewer utility at the end of the year amounted to \$138,601. The total increase in net assets was \$24,781.

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, 2008, the fiduciary fund reported that \$837,119 was due to other taxing units, a decrease of \$9,727 in comparison with the prior year.

General Fund Budgetary Highlights

During the year, actual revenues exceeded budgeted revenues by \$10,867 primarily due to an increase in miscellaneous revenues. Actual expenditures exceeded budgeted expenditures by \$21,438 due to an increase in public works expenditures and refunding notes issuance costs.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2008

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, 2008, amounts to \$10,253,434 (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).

VILLAGE OF CRIVITZ'S CAPITAL ASSETS

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 258,144	\$ 258,144	\$ 17,975	\$ 17,975	\$ 276,119	\$ 276,119
Construction in Progress	-	-	1,158,731	-	1,158,731	-
Buildings and Improvement	1,655,166	1,655,166	-	-	1,655,166	1,655,166
Machinery and Equipment	1,037,968	1,037,968	8,739,538	8,498,834	9,777,506	9,536,802
Infrastructure	2,263,191	2,239,502	-	-	2,263,191	2,239,502
Total Capital Assets	5,214,469	5,190,780	9,916,244	8,516,809	15,149,830	13,707,589
Less Accumulated Depreciation	1,692,615	1,540,919	3,184,634	2,975,170	4,877,249	4,516,089
Capital Assets Net of Depreciation	<u>\$ 3,521,824</u>	<u>\$ 3,649,861</u>	<u>\$ 6,731,610</u>	<u>\$ 5,541,639</u>	<u>\$ 10,253,434</u>	<u>\$ 9,191,500</u>

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

Long-Term Debt

At the end of the current fiscal year, the Village has total bonds on notes outstanding of \$4,960,047. Of this amount, \$3,200,000 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.

VILLAGE OF CRIVITZ LONG-TERM DEBT

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General Obligation Debt:						
Promissory Notes	\$ 3,200,000	\$ 2,743,331	-	-	\$ 3,200,000	\$ 2,743,331
Revenue Bonds	-	-	1,760,047	589,660	1,760,047	589,660
Total	<u>\$ 3,200,000</u>	<u>\$ 2,743,331</u>	<u>\$ 1,760,047</u>	<u>\$ 589,660</u>	<u>\$ 4,960,047</u>	<u>\$ 3,332,991</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 \$3,992,250 which exceeds the Village's current outstanding general obligation debt.

VILLAGE OF CRIVITZ
Management Discussion and Analysis
For the Year Ended December 31, 2008

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.
- 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.

All of these factors were considered in preparing the Village's budget for the 2009 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, 2008

	Governmental Activities	Business- Type Activities	Total
ASSETS:			
Cash	\$ 867,507	\$ 164,239	\$ 1,031,746
Receivables	560,533	48,284	608,817
Internal Balances	13,907	(13,907)	-
Inventories	-	7,257	7,257
Restricted Cash	456,532	401,748	858,280
Deferred Charges	29,690	-	29,690
Capital Assets:			
Capital Assets not being Depreciated	258,144	1,176,706	1,434,850
Other Capital Assets, Net of Depreciation	3,263,680	5,554,904	8,818,584
Total Assets	<u>5,449,993</u>	<u>7,339,231</u>	<u>12,789,224</u>
LIABILITIES:			
Accounts Payable	38,215	10,000	48,215
Accrued Payroll Expense	13,300	-	13,300
Accrued Interest	52,059	34,910	86,969
Unearned Revenue	640,258	-	640,258
Long-Term Obligations:			
Due Within One Year	112,434	153,627	266,061
Due in More Than One Year	3,112,434	1,606,420	4,718,854
Total Liabilities	<u>3,968,700</u>	<u>1,804,957</u>	<u>5,773,657</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	778,356	5,147,065	5,925,421
Restricted for:			
Debt Service	-	72,138	72,138
Equipment Replacement	-	154,108	154,108
Unrestricted	702,937	160,963	863,900
TOTAL NET ASSETS	<u>\$ 1,481,293</u>	<u>\$ 5,534,274</u>	<u>\$ 7,015,567</u>

See Accompanying Notes

VILLAGE OF CRIVITZ
Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues		
		Charges for	Operating
	Expenses	Services	Grants and
			Contributions
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 241,159	\$ 14,922	\$ 149
Public Safety	262,613	58,715	6,640
Public Works	208,626	7,919	93,940
Culture, Recreation and Education	38,191	-	-
Conservation and Development	3,759	-	-
Health and Human Services	28,455	-	-
Interest Expense	143,481	-	-
Depreciation - Unallocated	151,696	-	-
Total Governmental Activities	1,077,980	81,556	100,729
BUSINESS-TYPE ACTIVITIES:			
Water	157,626	156,395	-
Sewer	309,231	315,482	-
Total Business-Type Activities	466,857	471,877	-
TOTAL	\$ 1,544,837	\$ 553,433	\$ 100,729

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
Sale of Village Properties
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**

Governmental Activities	Business-Type Activities	Totals
\$ (226,088)	\$ -	\$ (226,088)
(197,258)	-	(197,258)
(106,767)	-	(106,767)
(38,191)	-	(38,191)
(3,759)	-	(3,759)
(28,455)	-	(28,455)
(143,481)	-	(143,481)
(151,696)	-	(151,696)
(895,695)	-	(895,695)
-	(1,231)	(1,231)
-	6,251	6,251
-	5,020	5,020
(895,695)	5,020	(890,675)
369,777	-	369,777
150,921	-	150,921
2,659	-	2,659
197,381	-	197,381
29,042	13,243	42,285
44,475	(44,475)	-
10,000	-	10,000
90,329	-	90,329
47,094	8,577	55,671
941,678	(22,655)	919,023
45,983	(17,635)	28,348
1,435,310	5,551,909	6,987,219
\$ 1,481,293	\$ 5,534,274	\$ 7,015,567

See Accompanying Notes

VILLAGE OF CRIVITZ

Balance Sheet

Governmental Funds

As of December 31, 2008

	<u>General</u>	<u>Tax Incremental District</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash	\$ 721,049	\$ 146,458	\$ -	\$ 867,507
Receivables:				
Taxes	525,434	-	-	525,434
Other	24,253	10,846	-	35,099
Restricted Cash	319,032	137,500	-	456,532
Due from Other Funds	81,053	-	-	81,053
TOTAL ASSETS	<u><u>\$ 1,670,821</u></u>	<u><u>\$ 294,804</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,965,625</u></u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 38,215	\$ -	\$ -	\$ 38,215
Accrued Liabilities	5,300	8,000	-	13,300
Due to Other Funds	49,271	17,875	-	67,146
Deferred Revenue	655,309	-	-	655,309
Total Liabilities	<u><u>748,095</u></u>	<u><u>25,875</u></u>	<u><u>-</u></u>	<u><u>773,970</u></u>
FUND BALANCES:				
Unreserved:				
Designated	803,018	268,929	-	1,071,947
Undesignated	119,708	-	-	119,708
Total Fund Balances	<u><u>922,726</u></u>	<u><u>268,929</u></u>	<u><u>-</u></u>	<u><u>1,191,655</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,670,821</u></u>	<u><u>\$ 294,804</u></u>	<u><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 funds.	3,521,824
During the year certain the Village refunded some of its existing debt. The debt issuance costs will be amortized as interest expense over the term of the notes.	29,690
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 funds balance sheet. Those liabilities consist of:	
Long-Term Bonds and Notes Payable	(3,200,000)
Accrued Interest on Long-Term Debt	(52,059)
Compensated Absences	(24,868)
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.	15,051
TOTAL NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,481,293</u></u>

See Accompanying Notes

VILLAGE OF CRIVITZ

Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended December 31, 2008

	<u>General</u>	<u>Tax Incremental District</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 372,436	\$ 150,921	\$ -	\$ 523,357
Intergovernmental	274,392	23,718	-	298,110
Regulation and Compliance	13,057	-	-	13,057
Fines, Forfeitures and Penalties	21,365	-	-	21,365
Public Charges for Services	5,185	-	-	5,185
Intergovernmental Charges for Services	37,040	-	-	37,040
Special Assessments	1,017	-	-	1,017
Miscellaneous	72,733	2,386	-	75,119
Total Revenues	<u>797,225</u>	<u>177,025</u>	<u>-</u>	<u>974,250</u>
EXPENDITURES:				
Current:				
General Government	209,016	30,425	-	239,441
Public Safety	262,613	-	-	262,613
Public Works	208,626	-	-	208,626
Culture, Recreation and Education	38,191	-	-	38,191
Conservation and Development	3,759	-	-	3,759
Health and Human Services	28,455	-	-	28,455
Capital Outlay	4,435	19,224	-	23,659
Debt Service:				
Principal Retirement	-	-	3,073,331	3,073,331
Interest	-	-	140,897	140,897
Refunding Notes Issuance Costs	8,268	22,900	-	31,168
Total Expenditures	<u>763,363</u>	<u>72,549</u>	<u>3,214,228</u>	<u>4,050,140</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>33,862</u>	<u>104,476</u>	<u>(3,214,228)</u>	<u>(3,075,890)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of Refunding Notes	848,829	2,681,171	-	3,530,000
Property Tax Equivalent	44,475	-	-	44,475
Developer Agreements	-	90,329	-	90,329
Sale of Village Properties	-	10,000	-	10,000
Transfers In	-	-	3,214,228	3,214,228
Transfers Out	(586,115)	(2,628,113)	-	(3,214,228)
Total Other Financing Sources	<u>307,189</u>	<u>153,387</u>	<u>3,214,228</u>	<u>3,674,804</u>
NET CHANGE IN FUND BALANCES	341,051	257,863	-	598,914
FUND BALANCES - BEGINNING	<u>581,675</u>	<u>11,066</u>	<u>-</u>	<u>592,741</u>
FUND BALANCES - ENDING	<u>\$ 922,726</u>	<u>\$ 268,929</u>	<u>\$ -</u>	<u>\$ 1,191,655</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, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 598,914

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	\$ 23,659	
Depreciation expense reported in the statement of activities	<u>(151,696)</u>	
Excess of depreciation over capital outlay		(128,037)

Long-term debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net assets, and does not affect the statement of activities. (3,530,000)

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. 3,073,331

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:

Issuance cost on refunded long-term debt	\$ 31,168	
Net increase in accrued interest	(1,106)	
Increase in compensated absences	(1,718)	
Amortization of long-term debt issuance costs	<u>(1,478)</u>	
Total additional expenses		26,866

Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year. 4,909

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 45,983

VILLAGE OF CRIVITZ
Statement of Net Assets
Proprietary Funds
As of December 31, 2008

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash	\$ 71,246	\$ 92,993	\$ 164,239
Customer Accounts Receivable	10,991	37,293	48,284
Due From Other Funds	26,371	33,804	60,175
Inventories	3,609	3,648	7,257
Total Current Assets	<u>112,217</u>	<u>167,738</u>	<u>279,955</u>
Noncurrent Assets:			
Restricted Assets	<u>175,502</u>	<u>226,246</u>	<u>401,748</u>
Capital Assets:			
Plant in Service	3,042,554	5,714,959	8,757,513
Construction in Progress	1,158,731	-	1,158,731
Less: Accumulated Depreciation	1,025,602	2,159,032	3,184,634
Total Capital Assets	<u>3,175,683</u>	<u>3,555,927</u>	<u>6,731,610</u>
TOTAL ASSETS	<u>3,463,402</u>	<u>3,949,911</u>	<u>7,413,313</u>
LIABILITIES:			
Current Liabilities:			
Current Portion of Long-Term Debt	63,225	90,402	153,627
Accounts Payable	1,600	8,400	10,000
Due to Other Funds	54,022	20,060	74,082
Accrued Interest	34,233	677	34,910
Total Current Liabilities	<u>153,080</u>	<u>119,539</u>	<u>272,619</u>
Noncurrent Liabilities:			
Long-Term Debt	<u>1,236,775</u>	<u>369,645</u>	<u>1,606,420</u>
TOTAL LIABILITIES	<u>1,389,855</u>	<u>489,184</u>	<u>1,879,039</u>
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	2,051,185	3,095,880	5,147,065
Restricted	-	226,246	226,246
Unrestricted	22,362	138,601	160,963
TOTAL NET ASSETS	<u>\$ 2,073,547</u>	<u>\$ 3,460,727</u>	<u>\$ 5,534,274</u>

See Accompanying Notes

VILLAGE OF CRIVITZ
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
OPERATING REVENUES	\$ 156,395	\$ 315,482	\$ 471,877
OPERATING EXPENSES:			
Operation and Maintenance	92,316	148,487	240,803
Depreciation	62,090	149,508	211,598
Taxes	3,220	3,976	7,196
Total Operating Expenses	<u>157,626</u>	<u>301,971</u>	<u>459,597</u>
OPERATING INCOME (LOSS)	<u>(1,231)</u>	<u>13,511</u>	<u>12,280</u>
NON-OPERATING REVENUES (EXPENSES):			
Investment Income	926	12,317	13,243
Other Income	2,364	6,213	8,577
Interest Expense	-	(7,260)	(7,260)
Total Non-Operating Revenues	<u>3,290</u>	<u>11,270</u>	<u>14,560</u>
INCOME BEFORE TRANSFERS	2,059	24,781	26,840
TRANSFERS:			
Property Tax Equivalent	<u>(44,475)</u>	<u>-</u>	<u>(44,475)</u>
CHANGE IN NET ASSETS	(42,416)	24,781	(17,635)
NET ASSETS - BEGINNING	<u>2,115,963</u>	<u>3,435,946</u>	<u>5,551,909</u>
NET ASSETS - ENDING	<u>\$ 2,073,547</u>	<u>\$ 3,460,727</u>	<u>\$ 5,534,274</u>

See Accompanying Notes

VILLAGE OF CRIVITZ
Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2008

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 155,475	\$ 312,895	\$ 468,370
Cash Received from (Paid To) Municipality	3,286	680	3,966
Cash Paid to Suppliers for Goods and Services	(39,080)	(74,149)	(113,229)
Cash Paid to Employees for Services	(54,626)	(68,787)	(123,412)
Net Cash Flows from Operating Activities	<u>65,055</u>	<u>170,639</u>	<u>235,694</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment Income Received	926	12,317	13,243
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:			
Non Operating Income	2,364	6,213	8,577
Transfer to Other Funds	(44,475)	-	(44,475)
Total Cash Flows from Non-Capital and Related Financing Activities	<u>(42,111)</u>	<u>6,213</u>	<u>(35,898)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from Issuance of Notes	1,300,000	-	1,300,000
Acquisition and Construction of Capital Assets	(1,147,902)	(217,759)	(1,365,661)
Principal Paid	-	(129,613)	(129,613)
Interest Paid	-	(5,369)	(5,369)
Net Cash Flows from Capital and Related Financing Activities	<u>152,098</u>	<u>(352,741)</u>	<u>(200,643)</u>
NET INCREASE (DECREASE) IN CASH	175,968	(163,572)	12,396
CASH - BEGINNING	<u>70,780</u>	<u>482,811</u>	<u>553,591</u>
CASH - ENDING	<u>\$ 246,748</u>	<u>\$ 319,239</u>	<u>\$ 565,987</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (1,231)	\$ 13,511	\$ 12,280
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Non-Cash Items Included in Operating Income:			
Depreciation	62,090	147,853	209,943
Change in Non-Cash Components of Working Capital:			
Accounts Receivable	(920)	(2,587)	(3,507)
Due from Other funds	-	2,078	2,078
Inventories	230	704	934
Accounts Payable	1,600	8,400	10,000
Due to Other Funds	3,286	680	3,966
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 65,055</u>	<u>\$ 170,639</u>	<u>\$ 235,694</u>
RECONCILIATION OF CASH TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS:			
Unrestricted Cash	\$ 71,246	\$ 92,993	\$ 164,239
Restricted Cash	175,502	226,246	401,748
CASH PER STATEMENT OF CASH FLOWS	<u>\$ 246,748</u>	<u>\$ 319,239</u>	<u>\$ 565,987</u>

See Accompanying Notes

VILLAGE OF CRIVITZ

Statement of Net Assets

Fiduciary Funds

As of December 31, 2008

	<u>Agency</u> <u>Tax Collection</u> <u>Fund</u>
ASSETS:	
Cash	\$ 150,128
Taxes Receivable	686,991
Total Assets	<u>837,119</u>
LIABILITIES:	
Due to Other Government Units	<u>837,119</u>
NET ASSETS	<u>\$ -</u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

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, 2008

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, 2008

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, 2008

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.

Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. A receivable for delinquent personal property tax has been recorded in the amount of \$1,852.

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, 2008

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	10-50 Years
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 \$15,116 was capitalized during the current year for the well water project as construction in process. 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, 2008

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 \$24,868.

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, 2008 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, 2008

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, 2008.

EQUITY CLASSIFICATIONS

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.

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 – During May 1997, the Public Service Commission of Wisconsin approved a water rate increase and is designed to provide a 3.0% return on rate base. 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, 2008

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 these estimates.

NOTE 2 - CASH:

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, 2008 the bank balance of cash was \$2,058,556. The Village maintains its cash accounts at six 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 are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and unlimited coverage for noninterest-bearing transaction accounts. Noninterest-bearing transaction accounts are defined to include the following:

- Traditional demand deposit, or checking accounts that do not earn interest; and
- Negotiable Order of Withdrawal (NOW) accounts with interest rates no higher than .50%

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 Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

NOTE 2 – CASH (Continued):

As of December 31, 2008 the Village had the following:

Fully Insured Deposits	\$	1,265,316
Uncollateralized		793,240
Total	\$	2,058,556

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 AND PAYABLES AND TRANSFERS:

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Water Utility	\$ 38,555	Year End Cash Flow Timing
General Fund	Tax Incremental District	17,875	Year End Cash Flow Timing
Water Utility	Sewer Utility	10,904	Year End Cash Flow Timing
Sewer Utility	General Fund	24,648	Year End Cash Flow Timing

The following is a schedule of interfund transfers:

Fund Transferred to	Fund Transferred From	Amount	Purpose
General Fund	Water Utility	\$ 44,475	Property Tax Equivalent
Debt Service	General Fund	586,165	Debt Service Requirement
Debt Service	Tax Incremental District	2,628,113	Debt Service Requirement

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

NOTE 5 - RESTRICTED ASSETS:

Restricted cash at December 31, 2008 is for the following:

Fund		Purpose
Fiduciary Funds:		
Agency Fund	\$ 150,128	Advance tax collections to be paid to other taxing units.
Proprietary Funds:		
Water Fund	\$ 175,502	Well Water Project
Sewer Fund	154,108	
Sewer Fund	72,138	Debt Service
	<u>\$ 401,748</u>	
Governmental Funds:		
General Fund	319,032	Unspent Long-Term Debt Proceeds
TIF Fund	137,500	Unspent Long-Term Debt Proceeds
	<u>\$ 456,532</u>	

NOTE 6 - CAPITAL ASSETS:

Capital asset balances and activity for the year ended December 31, 2008 were as follows:

	Balance 1/1/08	Additions	Balance 12/31/08
Governmental Activities:			
Capital Assets not being Depreciated:			
Land and Improvements	\$ 258,144	\$ -	\$ 258,144
Other Capital Assets:			
Buildings and Improvements	1,655,166	-	1,655,166
Machinery and Equipment	1,037,968	-	1,037,968
Infrastructure	2,239,502	23,659	2,263,161
Total Capital Assets being Depreciated	4,932,636	23,659	4,956,295
Total Capital Assets	5,190,780	23,659	5,214,439
Less Accumulated Depreciation for:			
Building and Improvements	749,649	21,738	771,387
Equipment	592,754	70,722	663,476
Infrastructure	198,516	59,236	257,752
Total Accumulated Depreciation	<u>1,540,919</u>	<u>151,696</u>	<u>1,692,615</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,649,861</u>	<u>\$ (128,037)</u>	<u>\$ 3,521,824</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, 2008 amounted to \$151,696.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

NOTE 6 - CAPITAL ASSETS (Continued):

Business-Type Activities:

	<u>Balance 1/1/08</u>	<u>Additions/ Reclassifications</u>	<u>Disposals/ Reclassifications</u>	<u>Balance 12/31/08</u>
Water:				
Capital Assets, not being Depreciated:				
Land and Land Rights	\$ 15,456	\$ -	\$ -	\$ 15,456
Construction in Progress	-	1,158,731	-	1,158,731
Total Capital Assets not Being Depreciated	<u>15,456</u>	<u>1,158,731</u>	<u>-</u>	<u>1,174,187</u>
Capital Assets being Depreciated:				
Property and Equipment	<u>3,004,153</u>	<u>23,404</u>	<u>(459)</u>	<u>3,027,098</u>
Total Capital Assets	3,019,609	1,182,135	(459)	4,201,285
Less: Accumulated Depreciation	<u>962,350</u>	<u>63,711</u>	<u>(459)</u>	<u>1,025,602</u>
Net Utility Plant	<u>\$ 2,057,259</u>	<u>\$ 1,118,424</u>	<u>\$ -</u>	<u>\$ 3,175,683</u>
	<u>Balance 1/1/08</u>	<u>Additions/ Reclassifications</u>	<u>Disposals/ Reclassifications</u>	<u>Balance 12/31/08</u>
Sewer:				
Capital Assets, not being Depreciation:				
Land and Land Rights	\$ 2,519	-	-	\$ 2,519
Capital Assets being Depreciation:				
Property and Equipment	<u>5,494,681</u>	<u>217,759</u>	<u>-</u>	<u>5,712,440</u>
Total Capital Assets	5,497,200	217,759	-	5,714,959
Less: Accumulated Depreciation	<u>2,012,820</u>	<u>146,212</u>	<u>-</u>	<u>2,159,032</u>
Net Utility Plant	<u>\$ 3,484,380</u>	<u>\$ 71,547</u>	<u>\$ -</u>	<u>\$ 3,555,927</u>

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

Water Utility	\$ 63,711
Sewer Utility	<u>146,212</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 209,923</u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

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, 2008:

	<u>Balance 1/1/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/08</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Debt	\$ 2,743,331	\$ 3,530,000	\$ 3,073,331	\$ 3,200,000	\$ 100,000
Other Liabilities:					
Compensated Absences	23,150	1,718	-	24,868	12,434
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,766,481</u>	<u>\$ 3,531,718</u>	<u>\$ 3,073,331</u>	<u>\$ 3,224,868</u>	<u>\$ 112,434</u>
Business-Type Activities:					
Bonds and Notes Payable:					
Revenue Bond Debt	\$ 589,660	\$ 1,300,000	\$ 129,613	\$ 1,760,047	\$ 153,627
Adjustments for:					
Issuance Discount	(2,232)	-	2,232	-	-
Total	<u>\$ 587,428</u>	<u>\$ 1,300,000</u>	<u>\$ 131,845</u>	<u>\$ 1,760,047</u>	<u>\$ 153,627</u>

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

Total interest paid during the year on governmental activities long-term debt totaled \$140,897.

Total interest paid during the year on business-type activities on long-term debt totaled \$5,368. Net interest expense of \$15,116 was capitalized as construction in progress for the well project during the year.

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, 2008, is comprised of the following individual issues:

	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Effective Rate</u>	<u>Original Debt</u>	<u>Balance 12/31/08</u>
Governmental Activities						
Long-Term Obligations:						
G.O.Promissory Notes	10/1/08	10/1/18	3.5-4.5%	4.37%	\$ 3,200,000	<u>\$ 3,200,000</u>
Total Governmental Activities Long-Term Obligations						<u>\$ 3,200,000</u>

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

The Village issued \$3,200,000 of general obligation notes for the purpose of currently refunding \$1,850,000 general obligation promissory notes, various outstanding bank notes, as well as capital projects for road and stormwater improvements and tax increment (TID) projects.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

NOTE 7 - LONG-TERM OBLIGATIONS (Continued):

Business-Type Activities	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Effective Rate</u>	<u>Original Debt</u>	<u>Balance 12/31/08</u>
Long-Term Obligations:						
1993 Sewer System Revenue Bond	8/31/97	5/1/13	.881%	.881%	\$ 1,725,096	\$ 460,047
Waterworks System Revenue Bond Anticipation Notes	5/1/08	5/1/09	3.95%	3.95%	1,300,000	<u>1,300,000</u>
Total Business-Type Activities Long-Term Obligations						<u>\$ 1,760,047</u>

On May 1, 2008, the Village issued \$1,300,000 in Waterworks System Revenue Bond Anticipation Notes with principal and interest payable at maturity on May 1, 2009. At the option of the Village, the Notes were subject to redemption on November 1, 2008 or on any day thereafter. On February 24, 2009, the Notes were called for prior payment and redeemed in part with the issuance of Waterworks System Mortgage Revenue Bonds in the amount of \$1,246,000. The Bonds have a final installment due on February 1, 2049.

Debt service requirements to maturity are as follows:

Governmental Type Long-Term Debt			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 100,000	\$ 136,875	\$ 236,875
2010	100,000	133,375	233,375
2011	100,000	129,875	229,875
2012	125,000	126,125	251,125
2013	125,000	121,437	246,437
2014-2018	<u>2,650,000</u>	<u>518,531</u>	<u>3,168,531</u>
Total	<u>\$ 3,200,000</u>	<u>\$ 1,166,218</u>	<u>\$ 4,366,218</u>

Business Type Long-Term Debt			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 153,627	\$ 70,551	\$ 224,178
2010	102,780	59,930	162,710
2011	104,125	58,581	162,706
2012	105,350	57,353	162,703
2013	106,907	55,792	162,699
2014-2018	76,142	267,137	343,279
2019-2023	95,703	247,577	343,280
2024-2028	120,174	223,106	343,280
2029-2033	151,205	192,075	343,280
2034-2038	190,058	153,222	343,280
2039-2043	238,896	104,384	343,280
2044-2048	300,280	43,000	343,280
2049	14,800	345	15,145
Total	<u>\$ 1,760,047</u>	<u>\$ 1,533,053</u>	<u>\$ 3,293,100</u>

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

NOTE 7 - LONG-TERM OBLIGATIONS (Continued):

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

The 2008 equalized valuation of the Village as certified by the Wisconsin Department of Revenue is \$79,845,000. The legal debt limit and margin of indebtedness as of December 31, 2008, in accordance with Section 67.03 of the Wisconsin Statutes follows:

Debt Limit (5% of \$79,845,000)	\$	3,992,250
Deduct long-term debt applicable to debt margin		3,200,000
Remaining Margin of Indebtedness Available	\$	792,250

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	\$ -	\$ 640,258	\$ 650,258
Delinquent Personal Property Tax	1,851	-	1,851
Special Assessments Not Yet Due	5,800	-	5,800
Other	7,400	-	7,400
Total	\$ 15,051	\$ 640,258	\$ 655,309

NOTE 9 - NET ASSETS/FUND BALANCES:

Net assets reported on the government-wide statement of net assets at December 31, 2008 include the following:

Invested in Capital Assets, Net of Related Debt:	
Capital Assets Not Being Depreciated	\$ 1,434,850
Other Capital Assets, Net of Accumulated Depreciation	8,818,584
Less: Related Long-Term Debt Outstanding	(4,328,013)
Total Invested in Capital Assets	5,925,421
Net Assets Restricted For:	
Debt Service	72,138
Sewer Fund Equipment Replacement	154,108
Total Restricted Net Assets	226,246
Unrestricted	863,900
Total Net Assets – Government-Wide Statements	\$ 7,015,567

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

NOTE 9 - NET ASSETS/FUND BALANCES (Continued):

Fund balances reported in the governmental funds balance sheet at December 31, 2008 are classified as follows:

Unreserved/Designated:

General Fund:

River Ridge Park	\$	18,496
Fire Equipment		414
Fire Station Improvements		89,199
Fire Training Site		5,990
Public Works Truck		34,084
Park Equipment		9,849
Police Vehicle		20,472
Cemetery		8,575
Sidewalks		10,002
Health Savings		6,489
County Trunk Highway A Project		474,994
Police Equipment		632
Police Auxiliary		862
Elections		1,107
Emergency Fund		98,818
Ditch Project		12,519
Recycling Baler		10,516
		803,018
Total General Fund		803,018

Capital Projects Funds:

Tax Incremental Financing District		268,929
		268,929
Total Unreserved/Designated Fund Balances		1,071,947

Unreserved/Undesignated:

General Fund		119,708
		119,708
Total Governmental Fund Balance	\$	1,191,655

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 \$3,758 for the year ended December 31, 2008.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

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 6.0% of their salary (3.0% for Executives and Elected Officials, 5.1% 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, 2008, was \$271,543; the employer's total payroll was \$323,615. The total required contribution for the year ended December 31, 2008, was \$30,902, which consisted of \$15,316, or 5.6% of payroll from the employer and \$15,586, or 5.7% of payroll from employees. Total contributions for the years ended December 31, 2007 and 2006 were \$29,503 and \$26,698, 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.

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.

VILLAGE OF CRIVITZ
Notes to Financial Statements
December 31, 2008

NOTE 13 - CONTINGENCIES (Continued):

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.

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

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, 2008 from future excess tax increment revenues follows:

	Cumulative Costs and Revenues Through December 31, 2008	Project Plan
Project Revenues:		
Tax Increments	\$ 452,490	\$ 3,779,300
State Aid – Exempt Computers	6,861	-
Investment Income	40,255	-
Other Revenue Sources	504,183	-
Total Revenues	1,003,789	3,779,300
Project Costs:		
Planning, Legal and Consulting	183,806	87,500
Engineering and Construction	1,969,213	890,000
Administration	48,396	50,000
Interest and Fiscal Charges	428,755	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	2,680,608	\$ 3,779,300
Net Costs Recoverable Through TID Increments	\$ 1,676,819	

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 374,168	\$ 374,168	\$ 372,436	\$ (1,732)
Intergovernmental	262,258	272,405	274,392	1,987
Regulation and Compliance	13,794	13,794	13,057	(737)
Fines, Forfeitures and Penalties	15,000	16,400	21,365	4,965
Public Charges for Services	8,825	8,825	5,185	(3,640)
Intergovernmental Charges for Services	36,700	36,700	37,040	340
Special Assessments	3,684	3,684	1,017	(2,667)
Miscellaneous	30,965	60,382	72,733	12,351
Total Revenues	<u>745,394</u>	<u>786,358</u>	<u>797,225</u>	<u>10,867</u>
EXPENDITURES:				
Current:				
General Government	218,199	210,105	209,016	1,089
Public Safety	246,520	262,938	262,613	325
Public Works	258,150	196,167	208,626	(12,459)
Culture, Recreation and Education	26,262	38,437	38,191	246
Conservation and Development	3,500	3,792	3,759	33
Health and Human Service	13,311	30,486	28,455	2,031
Capital Outlay	-	-	4,435	(4,435)
Debt Service:				
Refunding Notes Issuance Costs	-	-	8,268	(8,268)
Total Expenditures	<u>765,942</u>	<u>741,925</u>	<u>763,363</u>	<u>(21,438)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,548)</u>	<u>44,433</u>	<u>33,862</u>	<u>(10,571)</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	(54,908)	(524,090)	(586,115)	(62,025)
Property Tax Equivalent	41,162	41,162	44,475	3,313
Issuance of Refunding Notes	75,000	797,182	848,829	51,647
Total Other Financing Sources	<u>61,254</u>	<u>314,254</u>	<u>307,189</u>	<u>(7,065)</u>
NET CHANGE IN FUND BALANCE	40,706	358,687	341,051	(17,636)
FUND BALANCE - BEGINNING	<u>581,675</u>	<u>581,675</u>	<u>581,675</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 622,381</u>	<u>\$ 940,362</u>	<u>\$ 922,726</u>	<u>\$ (17,636)</u>

VILLAGE OF CRIVITZ
Notes to Required Supplementary Information
December 31, 2008

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, 2008:

General Fund		
Public Works	\$	12,459
Capital Outlay		4,435
Debt Service		8,268
Transfers Out		62,025

SUPPLEMENTARY INFORMATION

VILLAGE OF CRIVITZ, WISCONSIN

Schedule of Detailed Revenue Budgetary Comparison

General Fund

For the Year Ended December 31, 2008

	<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	\$ 367,968	\$ 367,968	\$ 369,777	\$ 1,809
Payments in Lieu of Taxes	3,000	3,000	-	(3,000)
Mobile Home Fees	3,200	3,200	2,659	(541)
Total Taxes	374,168	374,168	372,436	(1,732)
INTERGOVERNMENTAL:				
Shared Revenues	184,572	184,572	184,577	5
Fire Insurance Dues	2,195	2,195	2,136	(59)
Law Enforcement Aid	-	-	400	400
Transportation Aid	73,214	81,039	71,940	(9,099)
State Computer Aid	2,277	2,277	2,036	(241)
State Election Aid	-	-	149	149
State Grants	-	-	9,050	9,050
Federal Grant	-	2,322	4,104	1,782
Total Intergovernmental	262,258	272,405	274,392	1,987
REGULATION AND COMPLIANCE:				
Liquor/Beer Licenses	2,700	2,700	3,060	360
Operators Licenses	1,250	1,250	1,660	410
Cigarette Licenses	600	600	600	-
Mobile Home Park Licenses	94	94	-	(94)
Flea Market License	3,575	3,575	2,805	(770)
Other Licenses	2,000	2,000	2,500	500
Dog License	75	75	128	53
Building Permits	3,500	3,500	2,204	(1,296)
Zoning Permits/Fees	-	-	100	100
Total Regulation and Compliance	13,794	13,794	13,057	(737)
FINES AND FORFEITS:				
Court Penalties and Fines	15,000	16,400	21,365	4,965
PUBLIC CHARGES FOR SERVICES:				
Clerk's Fees	125	125	565	440
Law Enforcement Fees	175	175	167	(8)
Fire Protection Fees	150	150	143	(7)
Highway Maintenance	100	100	170	70
Weed and Nuisance Control	100	100	-	(100)
Public Health	75	75	-	(75)
Event Admissions	5,000	5,000	2,840	(2,160)
Cemetery Grave Sales	3,000	3,000	1,200	(1,800)
Other Public Charges	100	100	100	-
Total Public Charges for Services	8,825	8,825	5,185	(3,640)
INTERGOVERNMENTAL CHARGES FOR SERVICES:				
Fire Protection	36,700	36,700	37,040	340
SPECIAL ASSESSMENTS	3,684	3,684	1,017	(2,667)

VILLAGE OF CRIVITZ, WISCONSIN
Schedule of Detailed Revenue Budgetary Comparison
General Fund
For the Year Ended December 31, 2008

	<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	\$ 1,200	\$ 1,510	\$ 310
Interest	18,165	18,165	26,656	8,491
Donations	1,700	4,775	2,407	(2,368)
Other	9,900	36,242	42,160	5,917
Total Miscellaneous Revenues	<u>30,965</u>	<u>60,382</u>	<u>72,733</u>	<u>12,351</u>
OTHER FINANCING SOURCES:				
Property Tax Equivalent	41,162	41,162	44,475	3,313
Issuance of Refunding Notes	75,000	797,182	848,829	51,647
Total Other Financing Sources	<u>116,162</u>	<u>838,344</u>	<u>893,304</u>	<u>54,960</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 861,556</u>	<u>\$ 1,624,702</u>	<u>\$ 1,690,529</u>	<u>\$ 65,827</u>

VILLAGE OF CRIVITZ, WISCONSIN

Schedule of Detailed Expenditures Budgetary Comparison

General Fund

For the Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
GENERAL GOVERNMENT:				
Legislative - Village Board	\$ 20,927	\$ 19,927	\$ 19,742	\$ 185
Judicial	7,943	9,867	10,264	(397)
Legal	13,000	13,000	13,032	(32)
President	4,771	4,421	4,319	102
Clerk/Treasurer	53,232	53,232	45,459	7,773
Elections	6,256	4,888	4,969	(81)
Audit and Accounting	7,500	7,500	7,500	-
Assessment of Property	7,864	7,864	7,449	415
Village Hall	35,360	35,360	40,106	(4,746)
General Insurance	61,346	54,046	56,176	(2,130)
Total General Government	218,199	210,105	209,016	1,089
PUBLIC SAFETY:				
Police	114,050	114,200	113,582	618
Fire	115,548	134,016	136,449	(2,433)
Ambulance	8,185	8,185	8,185	-
Inspection	5,937	5,937	4,397	1,540
Disaster Control	2,800	600	-	600
Total Public Safety	246,520	262,938	262,613	325
PUBLIC WORKS:				
Street Maintenance	88,500	99,517	98,979	538
Street Lighting	52,000	52,000	52,018	(18)
Storm Water Control	75,000	-	3,350	(3,350)
Parking Facilities	500	500	456	44
Garbage Collection	30,600	30,600	30,805	(205)
Solid Waste Disposal	11,500	13,500	23,007	(9,507)
Weed Control	50	50	11	39
Total Public Works	258,150	196,167	208,626	(12,459)
CULTURE, RECREATION AND EDUCATION:				
Programs and Events	7,400	16,900	15,936	964
Parks	18,862	21,537	22,255	(718)
Total Culture, Recreation and Education	26,262	38,437	38,191	246
CONSERVATION AND DEVELOPMENT:				
Economic Development	3,500	3,792	3,759	33
HEALTH AND HUMAN SERVICES:				
Cemetery	12,961	30,136	28,330	1,806
Public Health - Dog Control	350	350	125	225
Total Health and Human Services	13,311	30,486	28,455	2,031
CAPITAL OUTLAY:				
Streets	-	-	4,435	(4,435)

VILLAGE OF CRIVITZ, WISCONSIN
Schedule of Detailed Expenditures Budgetary Comparison
General Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
DEBT SERVICE:				
Refunding Notes Issuance Costs	\$ -	\$ -	\$ 8,268	\$ (8,268)
OTHER FINANCING USES:				
Transfers Out	54,908	524,090	586,115	(62,025)
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 820,850</u>	<u>\$ 1,266,015</u>	<u>\$ 1,349,478</u>	<u>\$ (83,463)</u>

ADDITIONAL REPORTS



KERBER, ROSE & ASSOCIATES, S.C.

Certified Public Accountants

1727 Stephenson St., P.O. Box 75 • Marinette, WI 54143
(715) 735-9321 • Fax (715) 735-5899

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 accompanying 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, 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 14, 2009. 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings #08-1 and #08-2 to be significant deficiencies in the internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

To the Members of the Village Board
Village of Crivitz

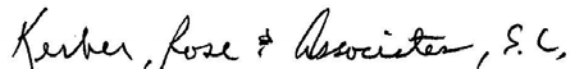
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We believe that the significant deficiencies described in the accompanying schedule of findings and questioned costs as items #08-1 and #08-2 to be material weaknesses.

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 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 of Crivitz in a separate letter dated May 14, 2009.

This report is intended solely for the information of the Village Board, management, awarding agencies, pass-through entities and the U.S. Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specified parties.



KERBER, ROSE & ASSOCIATES, S.C.
Certified Public Accountants
May 14, 2009



KERBER, ROSE & ASSOCIATES, S.C.

Certified Public Accountants

1727 Stephenson St., P.O. Box 75 • Marinette, WI 54143
(715) 735-9321 • Fax (715) 735-5899

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Village of Crivitz (Village) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the Audit Guide *Water Programs Compliance Supplement, RUS Bulletin 1780-31* dated June 2000 issued by the U.S. Department of Agriculture that are applicable to its major federal program for the year ended December 31, 2008. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the U.S. Department of Agriculture *Audit Guide*. Those standards and OMB Circular A-133 and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

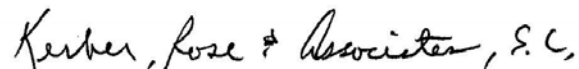
To the Members of the Village Board
Village of Crivitz

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #08-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Village's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

This report is intended solely for the information and use of the Village Board, management, federal awarding agencies, pass-through entities, and the U.S. Department of Agriculture and is not intended to be and should not be used by anyone other than these specified parties.



KERBER, ROSE & ASSOCIATES, S.C.

Certified Public Accountants

May 14, 2009

FEDERAL AWARDS SECTION

VILLAGE OF CRIVITZ
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

<u>Federal Grantor Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture: Water and Waste Program	10.760	\$ 1,276,133
U.S. Department of Homeland Security: Assistance to Firefighters Grant	97.044	690
U.S. Department of Housing and Urban Development Community Development Block Grant	14.228	<u>22,000</u>
Total Expenditures		<u>\$ 1,298,823</u>

See Notes to the Schedule of Expenditures of Federal Awards

VILLAGE OF CRIVITZ
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2008

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the Federal grant activity of the Village of Crivitz (Village), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

VILLAGE OF CRIVITZ
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2008

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
Significant deficiencies disclosed?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements?	No

Federal Awards:

Internal control over major programs:	
Significant deficiencies disclosed?	Yes
Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of Circular A-133?	Yes

Identification of major federal programs:

CFDA Number	Name of Federal Program
10.760	Waste and Water Program
Dollar threshold used to distinguish between Type A and Type B Programs	\$300,000
Auditee qualified as a low-risk auditee?	No

VILLAGE OF CRIVITZ
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2008

Section II - Financial Statement Findings

Significant Deficiencies

#08-1 Lack of Segregation of Duties

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

Cause: Limited staff available to segregate duties

Criteria: Due to the limited staff, the Village Board should monitor the operations of the Village on a continuing basis.

Effect: Because of the lack of segregation duties, unauthorized transactions could occur in the Village's operations.

#08-2 Financial Accounting and Reporting

Condition: Auditors are preparing the Village's financial statements.

Cause: Management does not have training to prepare financial statements including the related notes in accordance with generally accepted accounting principles.

Criteria: Due to no training the audit firm will prepare financial statements and related notes.

Effect: Because of lack of training, the Village needs to rely on the assistance of the auditors for preparation of the financial statements and related notes.

Section III - Federal Award Findings or Questioned Costs

#08-1 Lack of Segregation of Duties

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

Cause: Limited staff available to segregate duties

Criteria: Due to the limited staff, the Village Board should monitor the operations of the Village on a continuing basis.

Effect: Because of the lack of segregation duties, unauthorized transactions could occur in the Village's operations.

VILLAGE OF CRIVITZ
Prior Audit Findings
For the Year Ended December 31, 2008

There were no prior audit findings.

VILLAGE OF CRIVITZ
Corrective Action Plan
For the Year Ended December 31, 2008

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.

FINANCIAL ACCOUNTING AND REPORTING - The Village is aware that their staff does not have training to prepare financial statements and related notes in accordance with generally accepted accounting principles. The Village will rely on the assistance of the auditors for preparation of the financial statements and related notes.