



Village Of Shorewood

Unfunded Prior Service Liability

Presented by:

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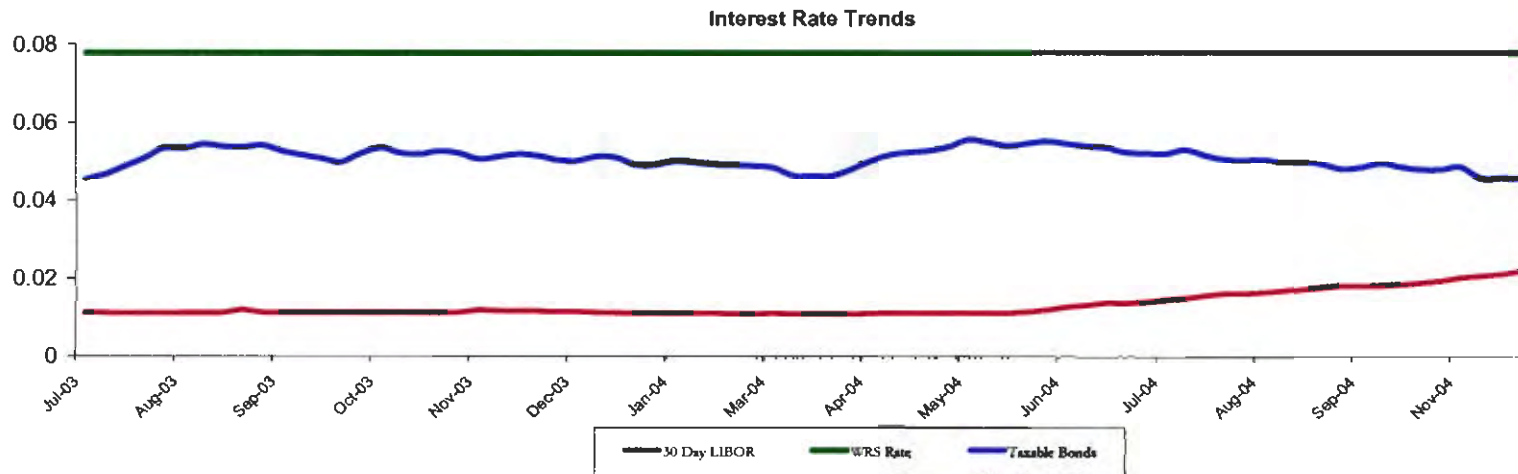
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January 3, 2005

Village of Shorewood Summary of Prior Service Liability Refunding Options

Option	Do Nothing	1	1a	1b	2	2a
Issue Type	N/A	State Trust Fund Loans			Combination NAN/State Trust Fund Loan/G.O. Ref. Bonds	Combination Taxable NAN/Three State Trust Fund Loans
Total Fund Balance Applied	\$0	\$343,968	\$0	\$443,765	\$0	\$0
Frequency		One Time	N/A	Annual (2006-2011)	N/A	N/A
Total Cost (Including Fund Balance)	\$11,988,616 <i>assumes full payment by 2029</i>	\$3,755,911	\$3,926,576	\$3,855,708	\$3,977,886	\$3,859,835
Avg. Incremental Annual Cost	\$0	\$79,629 2007-2025	\$101,379 2006-2025	\$79,629 2007-2025	\$103,945 2006-2025	\$100,387 2006-2025
Avg. Incremental Mill Rate Impact	\$0	\$0.08 2007-2025	\$0.11 2006-2025	\$0.08 2007-2025	\$0.11 2006-2025	\$0.10 2006-2025
Gross Savings	N/A	\$8,232,705	\$8,062,040	\$8,576,673	\$8,010,730	\$8,128,781
Present Value Savings (3%)	N/A	\$3,406,512	\$3,342,127	\$3,341,965	\$3,305,274	\$3,401,946



Village of Shorewood Use of Fund Balance Analysis

Total Fund Balance Used (Option 1)	\$343,968
1 Year Interest Earned on Fund Balance @ 2.00%	\$6,879
1 Year Interest Earned on Fund Balance @ 3.00%	\$10,319
WRS Interest Cost @ 7.80%	\$26,830
Debt Interest Cost @ 5.25%	\$18,058

NET DEBT SERVICE BY USING FUND BALANCE @ 2.00%	
WRS @ 7.80%	\$19,950
Debt @ 5.25%	\$11,179
NET DEBT SERVICE BY USING FUND BALANCE @ 3.00%	
WRS @ 7.80%	\$16,510
Debt @ 5.25%	\$7,739

Village of Shorewood Current Amortization Schedule

ORIGINAL ASSUMPTIONS:

	General & Teach (1)	Prot w/SS (2)
Contribution Rate.....	1.90%	1.40%
Total Fund Balance Applied.....	\$2,323,365	\$1,596,345
2003 Prior Service Balance.....	\$2,454,989	\$0
Interest Rate.....	7.80%	7.80%
Salary Increase Rate.....	2.50%	2.50%

	Beginning Balance	Payments	WRS Credit	Interest	Ending Balance	Salaries (1)	Salaries (2)	Salary Increase (1)	Salary Increase (2)
2004	\$2,454,989	\$68,155	\$80,125	\$179,923	\$2,486,632	\$2,381,449	\$1,636,254	2.50%	2.50%
2005	\$2,486,632	\$69,859		\$188,508	\$2,605,282	\$2,440,985	\$1,677,160	2.50%	2.50%
2006	\$2,605,282	\$71,605		\$197,627	\$2,731,303	\$2,502,010	\$1,719,089	2.50%	2.50%
2007	\$2,731,303	\$73,396		\$207,317	\$2,865,224	\$2,564,560	\$1,762,066	2.50%	2.50%
2008	\$2,865,224	\$75,230		\$217,620	\$3,007,613	\$2,628,674	\$1,806,118	2.50%	2.50%
2009	\$3,007,613	\$77,111		\$228,579	\$3,159,081	\$2,694,391	\$1,851,271	2.50%	2.50%
2010	\$3,159,081	\$79,039		\$240,243	\$3,320,285	\$2,761,751	\$1,897,553	2.50%	2.50%
2011	\$3,320,285	\$81,015		\$252,663	\$3,491,933	\$2,830,795	\$1,944,991	2.50%	2.50%
2012	\$3,491,933	\$83,040		\$265,894	\$3,674,787	\$2,901,565	\$1,993,616	2.50%	2.50%
2013	\$3,674,787	\$85,116		\$279,994	\$3,869,665	\$2,974,104	\$2,043,457	2.50%	2.50%
2014	\$3,869,665	\$87,244		\$295,029	\$4,077,449	\$3,048,456	\$2,094,543	2.50%	2.50%
2015	\$4,077,449	\$89,425		\$311,066	\$4,299,090	\$3,124,668	\$2,146,907	2.50%	2.50%
2016	\$4,299,090	\$91,661		\$328,179	\$4,535,608	\$3,202,784	\$2,200,579	2.50%	2.50%
2017	\$4,535,608	\$93,953		\$346,449	\$4,788,105	\$3,282,854	\$2,255,594	2.50%	2.50%
2018	\$4,788,105	\$96,301		\$365,961	\$5,057,764	\$3,364,925	\$2,311,984	2.50%	2.50%
2019	\$5,057,764	\$98,709		\$386,806	\$5,345,861	\$3,449,048	\$2,369,783	2.50%	2.50%
2020	\$5,345,861	\$101,177		\$409,085	\$5,653,770	\$3,535,275	\$2,429,028	2.50%	2.50%
2021	\$5,653,770	\$103,706		\$432,905	\$5,982,969	\$3,623,656	\$2,489,753	2.50%	2.50%
2022	\$5,982,969	\$106,299		\$458,380	\$6,335,051	\$3,714,248	\$2,551,997	2.50%	2.50%
2023	\$6,335,051	\$108,956		\$485,635	\$6,711,730	\$3,807,104	\$2,615,797	2.50%	2.50%
2024	\$6,711,730	\$111,680		\$514,804	\$7,114,854	\$3,902,282	\$2,681,192	2.50%	2.50%
2025	\$7,114,854	\$114,472		\$546,030	\$7,546,412	\$3,999,839	\$2,748,222	2.50%	2.50%
2026	\$7,546,412	\$117,334		\$579,468	\$8,008,546	\$4,099,835	\$2,816,927	2.50%	2.50%
2027	\$8,008,546	\$120,267		\$615,286	\$8,503,564	\$4,202,331	\$2,887,351	2.50%	2.50%
2028	\$8,503,564	\$123,274		\$653,663	\$9,033,953	\$4,307,389	\$2,959,534	2.50%	2.50%
2029	\$9,033,953	\$126,356		\$694,793	\$9,602,390	\$4,415,074	\$3,033,523	2.50%	2.50%
		\$2,454,381	\$80,125	\$9,681,907					

Available WRS Invoice Credit: **\$80,125**

Village of Shorewood

Example Prior Service Liability Refunding

Option 1: Two State Trust Fund Loans and One Time Application of Fund Balance - Level Cost

YEAR	ESTIMATED PRIOR PAYMENTS	EXISTING LEVY SUPPORTED DEBT SERVICE	\$1,000,000 State Trust Fund Loan Dated: January 15, 2005			\$1,000,000 State Trust Fund Loan Dated: January 15, 2006			TOTAL NEW PAYMENTS	GROSS SAVINGS (COST)	MILL RATE DECREASE (INCREASE) (a)
			PRINCIPAL (3/15)	INTEREST TIC = 5.24%	TOTAL	PRINCIPAL (3/15)	INTEREST TIC = 5.18%	TOTAL			
			and Balance Applied								
2005	\$69,859	\$696,302							\$69,859	\$0	\$0.0000
2006	\$71,605	\$656,540						\$71,605	\$0	\$0.0000	
2007	\$73,396	\$643,192	\$10,619	\$60,986	\$71,605	\$5,714	\$60,986	\$66,701	\$153,025	(\$0.0826)	
2008	\$75,230	\$643,555	\$34,382	\$51,943	\$86,324	\$16,192	\$52,343	\$68,535	\$154,859	(\$0.0826)	
2009	\$77,111	\$647,552	\$36,049	\$50,275	\$86,324	\$19,066	\$51,350	\$70,416	\$156,740	(\$0.0826)	
2010	\$79,039	\$649,465	\$38,079	\$48,245	\$86,324	\$21,995	\$50,349	\$72,344	\$158,668	(\$0.0826)	
2011	\$81,015	\$652,315	\$40,079	\$46,246	\$86,324	\$25,125	\$49,194	\$74,320	\$160,644	(\$0.0826)	
2012	\$83,040	\$603,262	\$42,183	\$44,142	\$86,324	\$28,338	\$48,006	\$76,345	\$162,669	(\$0.0826)	
2013	\$85,116	\$601,618	\$44,282	\$42,042	\$86,324	\$32,033	\$46,387	\$78,421	\$164,745	(\$0.0826)	
2014	\$87,244	\$601,096	\$46,722	\$39,602	\$86,324	\$35,843	\$44,706	\$80,549	\$166,873	(\$0.0826)	
2015	\$89,425	\$583,131	\$49,175	\$37,149	\$86,324	\$39,906	\$42,824	\$82,730	\$169,054	(\$0.0826)	
2016	\$91,661	\$584,780	\$51,757	\$34,568	\$86,324	\$44,125	\$40,840	\$84,966	\$171,290	(\$0.0826)	
2017	\$93,953	\$584,883	\$54,387	\$31,938	\$86,324	\$48,845	\$38,412	\$87,258	\$173,582	(\$0.0826)	
2018	\$96,301	\$583,538	\$57,329	\$28,995	\$86,324	\$53,758	\$35,848	\$89,606	\$175,930	(\$0.0826)	
2019	\$98,709		\$60,339	\$25,985	\$86,324	\$58,988	\$33,026	\$92,014	\$178,338	(\$0.0826)	
2020	\$101,177		\$63,507	\$22,817	\$86,324	\$64,471	\$30,011	\$94,482	\$180,806	(\$0.0826)	
2021	\$103,706		\$66,788	\$19,537	\$86,324	\$70,347	\$26,544	\$97,011	\$183,335	(\$0.0826)	
2022	\$106,299		\$70,347	\$15,977	\$86,324	\$76,759	\$22,845	\$99,604	\$185,928	(\$0.0826)	
2023	\$108,956		\$74,041	\$12,284	\$86,324	\$83,446	\$18,815	\$102,261	\$188,585	(\$0.0826)	
2024	\$111,680		\$77,928	\$8,397	\$86,324	\$90,511	\$14,473	\$104,985	\$191,309	(\$0.0826)	
2025	\$114,472		\$82,007	\$4,317	\$86,324	\$184,418	\$9,682	\$194,100	\$194,100	(\$0.0826)	
2026	\$117,334							\$0	\$117,334	\$0.1218	
2027	\$120,267							\$0	\$120,267	\$0.1248	
2028	\$123,274							\$0	\$123,274	\$0.1279	
2029	\$126,356							\$0	\$126,356	\$0.1311	
	<u>\$2,366,226</u>	<u>\$8,731,228</u>	\$1,000,000	\$625,443	\$1,625,443	\$1,000,000	\$716,642	\$1,716,642	<u>\$3,411,943</u>	<u>(\$1,025,717)</u>	(b)

(a) Mill rate based on 2004 Assessed Valuation (TID-OUT) of \$963,616,240 with no annual growth.

(b) Gross savings after 40-year amort period.....	(\$1,025,717)
Liability balance remaining 1/1/30.....	\$9,602,390
Less: Cash Contribution.....	(\$343,968)
GROSS SAVINGS	\$8,232,705

PV Savings (at 3.00%)..... \$3,406,512

State Trust Fund Loan		State Trust Fund Loan	
Sources Of Funds		Sources Of Funds	
Par Amount of Loan.....	\$1,000,000	Par Amount of Loan.....	\$1,000,000
		Fund Balance Applied.....	\$343,968
Total Sources.....	\$1,000,000	Total Sources.....	\$1,343,968
Uses Of Funds		Uses Of Funds	
Paydown Liability on 1/15/05.....	\$997,500	Payoff Liability on 1/15/06.....	\$1,341,468
Financial Advisory Fee.....	\$2,500	Financial Advisory Fee.....	\$2,500
Total Uses.....	\$1,000,000	Total Uses.....	\$1,343,968

Village of Shorewood Amortization Schedule For Option 1

ORIGINAL ASSUMPTIONS:

	General & Teach (1)	Prot w/SS (2)
Contribution Rate.....	1.90%	1.40%
Total Fund Balance Applied.....	\$2,323,365	\$1,596,345
2003 Prior Service Balance.....	\$2,454,989	\$0
Interest Rate.....	7.80%	7.80%
Salary Increase Rate.....	2.50%	2.50%

	Beginning Balance	Payments	Interest	Ending Balance	Salaries (1)	Salaries (2)	Salary Increase (1)	Salary Increase (2)
2004	\$2,454,989	\$1,145,780 *	\$102,118	\$1,411,327	\$2,381,449	\$1,636,254	2.50%	2.50%
2005	\$1,411,327	\$69,859	\$104,635	\$1,446,103	\$2,440,985	\$1,677,160	2.50%	2.50%
2006	\$1,446,103	\$71,605	\$107,211	\$1,481,708	\$2,502,010	\$1,719,089	2.50%	2.50%
2007	\$1,481,708	\$73,396	\$109,848	\$1,518,161	\$2,564,560	\$1,762,066	2.50%	2.50%
2008	\$1,518,161	\$75,230	\$112,549	\$1,555,479	\$2,628,674	\$1,806,118	2.50%	2.50%
2009	\$1,555,479	\$77,111	\$115,313	\$1,593,681	\$2,694,391	\$1,851,271	2.50%	2.50%
2010	\$1,593,681	\$79,039	\$118,142	\$1,632,784	\$2,761,751	\$1,897,553	2.50%	2.50%
2011	\$1,632,784	\$81,015	\$121,038	\$1,672,807	\$2,830,795	\$1,944,991	2.50%	2.50%
2012	\$1,672,807	\$83,040	\$124,002	\$1,713,768	\$2,901,565	\$1,993,616	2.50%	2.50%
2013	\$1,713,768	\$85,116	\$127,035	\$1,755,686	\$2,974,104	\$2,043,457	2.50%	2.50%
2014	\$1,755,686	\$87,244	\$130,138	\$1,798,581	\$3,048,456	\$2,094,543	2.50%	2.50%
2015	\$1,798,581	\$89,425	\$133,314	\$1,842,469	\$3,124,668	\$2,146,907	2.50%	2.50%
2016	\$1,842,469	\$91,661	\$136,563	\$1,887,371	\$3,202,784	\$2,200,579	2.50%	2.50%
2017	\$1,887,371	\$93,953	\$139,887	\$1,933,306	\$3,282,854	\$2,255,594	2.50%	2.50%
2018	\$1,933,306	\$96,301	\$143,286	\$1,980,291	\$3,364,925	\$2,311,984	2.50%	2.50%
2019	\$1,980,291	\$98,709	\$146,763	\$2,028,345	\$3,449,046	\$2,369,783	2.50%	2.50%
2020	\$2,028,345	\$101,177	\$150,319	\$2,077,488	\$3,535,275	\$2,429,028	2.50%	2.50%
2021	\$2,077,488	\$103,706	\$153,955	\$2,127,736	\$3,623,656	\$2,489,753	2.50%	2.50%
2022	\$2,127,736	\$106,299	\$157,672	\$2,179,110	\$3,714,248	\$2,551,997	2.50%	2.50%
2023	\$2,179,110	\$108,956	\$161,472	\$2,231,626	\$3,807,104	\$2,615,797	2.50%	2.50%
2024	\$2,231,626	\$111,680	\$165,356	\$2,285,302	\$3,902,282	\$2,681,192	2.50%	2.50%
2025	\$2,285,302	\$114,472	\$169,325	\$2,340,154	\$3,999,839	\$2,748,222	2.50%	2.50%
2026	\$2,340,154	\$117,334	\$173,380	\$2,396,200	\$4,099,835	\$2,816,927	2.50%	2.50%
2027	\$2,396,200	\$120,267	\$177,523	\$2,453,456	\$4,202,331	\$2,887,351	2.50%	2.50%
2028	\$2,453,456	\$123,274	\$181,754	\$2,511,936	\$4,307,389	\$2,959,534	2.50%	2.50%
2029	\$2,511,936	\$126,356	\$186,075	\$2,571,656	\$4,415,074	\$3,033,523	2.50%	2.50%
		<u>\$3,532,006</u>		<u>\$3,648,673</u>				

*Includes WRS Invoice Credit of..... \$80,125
and 1/15/05 STFL proceeds of..... \$97,500

Estimated Payoff:

2004 Beginning Balance	\$2,454,989	
Less: Estimated 2004 Payments	(\$68,155)	
Less: WRS Act 11 Credit	(\$80,125)	
Less: STFL to Paydown Liability on 1/15/05	(\$997,500)	
Plus: Interest Assessed on 1/31/05	\$102,118	
Less: Estimated 2005 Payments	(\$69,859)	
Less: Fund Balance Applied	(\$343,968)	
Less: STFL to Payoff Liability on 1/15/06	(\$997,500)	
Balance as of 1/15/06	<u>\$0</u>	

Total Applied to 2004 Payment \$1,145,780
