

# **Village of Shorewood Hills**

Financial Statements and  
Supplementary Information

December 31, 2022

# Village of Shorewood Hills

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Table of Contents  
December 31, 2022

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis	4
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25
Statement of Fiduciary Net Position - Fiduciary Fund	27
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	28
Index to Notes to Financial Statements	29
Notes to Financial Statements	30
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	60
Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Swimming Pool	63
Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System	64
Schedule of Employer Contributions - Wisconsin Retirement System	64
Notes to Required Supplementary Information	65

# Village of Shorewood Hills

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Table of Contents  
December 31, 2022

	<u>Page</u>
<b>Supplementary Information</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	67

## Independent Auditors' Report

To the Village Board of  
Village of Shorewood Hills

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Shorewood Hills (the Village), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter

As discussed in Note 1, the Village adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
August 17, 2023

## Village of Shorewood Hills

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Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

The management of the Village of Shorewood Hills offers all persons interested in the financial position of the Village this narrative overview and analysis of the Village's financial performance during the fiscal year ending December 31, 2022. You are invited to read this narrative in conjunction with the Village's financial statements.

### Financial Highlights

- The assets of the Village of Shorewood Hills exceeded its liabilities by \$8,142,594. Of this amount, (\$1,027,355) is considered unrestricted net position (deficit) and \$7,627,424 is net investment in capital assets. The remainder is restricted.
- The Village's total net position increased \$1,377,012. Governmental activities net position increased by \$1,280,951 and business-type activities net position increased by \$96,061.
- On December 31, 2022, the Village's governmental funds reported combined fund balances of \$7,219,038, an increase of \$4,803,974 from 2021.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. These financial statements consist of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.

These financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-Wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how it has changed. Net Position – the difference between the Village's assets and liabilities and deferred outflows/inflows – is one way to measure the Village's financial health or position. Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating. To assess the overall health of the Village you need to consider additional nonfinancial factors such as changes in the Village's property tax base and the condition of the Village's roads.

# Village of Shorewood Hills

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Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

## 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 a 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 ten 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, swimming pool, debt service fund, capital improvement fund, Tax Incremental District No. 3 fund, Tax Incremental District No. 4 fund and Tax Incremental District No. 5 fund, each of which are considered to be major funds. The Village has three nonmajor funds: Waterfront, Donation and American Rescue Plan Act (ARPA), which are presented combined on the governmental balance sheet and statement of revenues, expenditures and changes in fund balances, and also within the supplementary information section on the combining balance sheet and the combining state of revenues, expenditures and changes in fund balances.

The Village adopts an annual appropriated budget for all its funds.

**Proprietary Funds** – The Village maintains three different types of proprietary funds (water, sewer and stormwater utilities), each of which are enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



## Village of Shorewood Hills

Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

**Other Information** – In addition to the basis financial statements and accompanying notes, *required supplementary information* presents a detailed budget comparison schedule for the general fund and swimming pool fund to demonstrate compliance with the budget.

### Financial Analysis of the Village as a Whole

An analysis of the Village's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the Village's net position and changes therein. It should be noted that the financial position can also be affected by nonfinancial factors, including economic conditions, population growth and new regulations. Internal balances have been shown at gross.

A summary of the Village's Statement of Net Position is presented below in Table 1.

**Table 1**  
**Condensed Statements of Net Position**

	Governmental Activities		Business-Type Activities		Total*	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 16,307,051	\$ 7,903,622	\$ 61,688	\$ 43,284	\$ 16,368,739	\$ 7,946,906
Capital assets	12,759,238	11,525,963	5,507,819	5,646,505	18,267,057	17,172,468
Total assets	29,066,289	19,429,585	5,569,507	5,689,789	34,635,796	25,119,374
Deferred outflows of resources	1,385,733	950,253	116,830	89,109	1,502,563	1,039,362
Long-term debt outstanding	16,131,946	11,377,550	1,453,849	1,666,790	17,585,795	13,044,340
Other liabilities	1,846,358	411,537	85,489	91,853	1,931,847	503,390
Total liabilities	17,978,304	11,789,087	1,539,338	1,758,643	19,517,642	13,547,730
Deferred inflows of resources	8,347,554	5,745,538	130,569	99,886	8,478,123	5,845,424
Net investment in capital assets	4,401,138	4,174,375	4,067,021	3,996,237	7,627,424	7,223,858
Restricted	1,491,918	1,415,570	50,607	46,333	1,542,525	1,461,903
Unrestricted (deficit)	(1,766,892)	(2,744,732)	(101,198)	(122,201)	(1,027,355)	(1,920,179)
Total net position	\$ 4,126,164	\$ 2,845,213	\$ 4,016,430	\$ 3,920,369	\$ 8,142,594	\$ 6,765,582

\* The total column reflects a capital debt adjustment. See Note 1 for further information.

One portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any 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.

The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

# Village of Shorewood Hills

Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

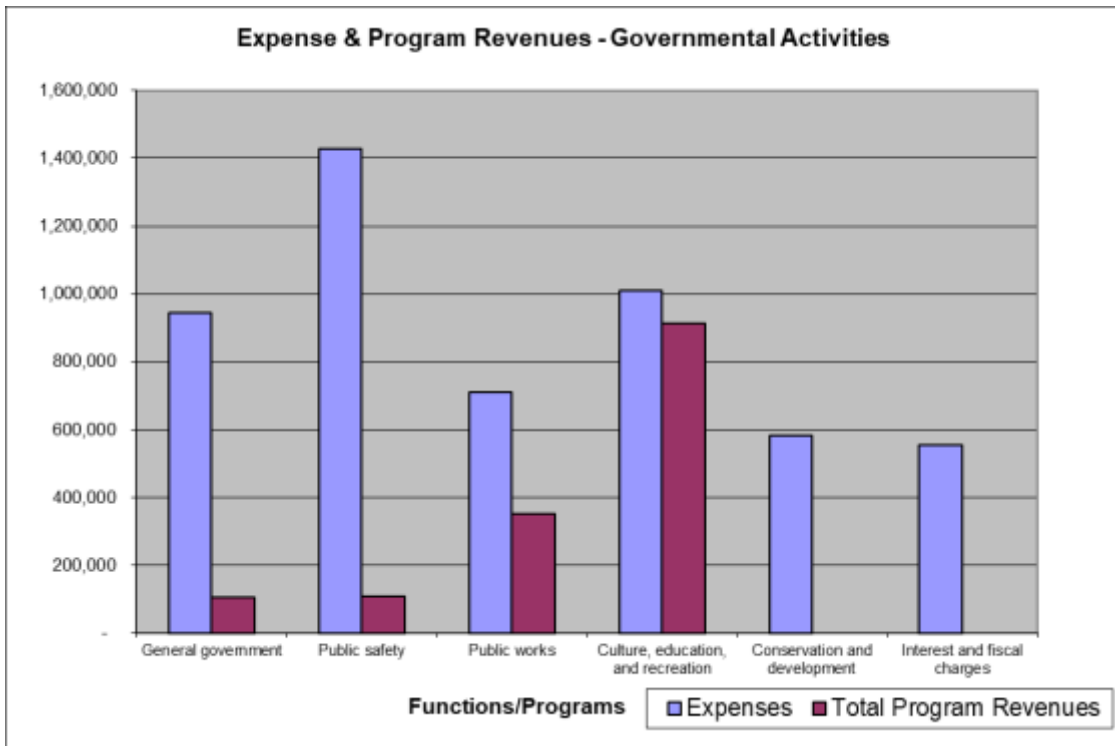
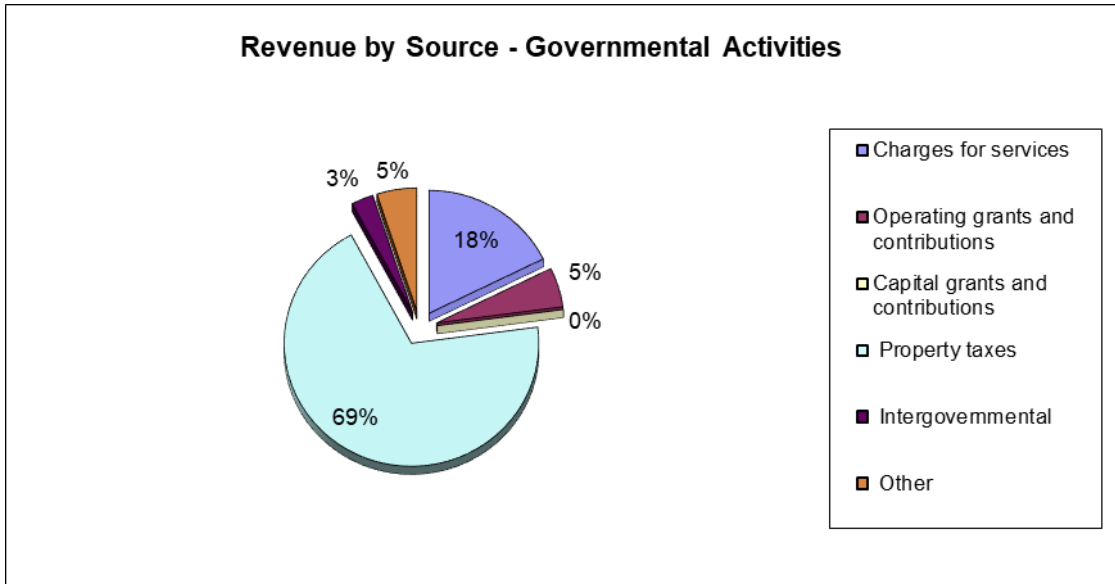
**Table 2**  
**Condensed Statement of Activities**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,143,030	\$ 1,069,549	\$ 1,127,712	\$ 1,165,071	\$ 2,270,742	\$ 2,234,620
Operating grants and contributions	334,938	372,781	-	-	334,938	372,781
Capital grants and contributions	-	278,775	-	18,000	-	296,775
General revenues:						
Property taxes	4,469,643	4,478,214	-	-	4,469,643	4,478,214
Intergovernmental	179,404	191,676	-	-	179,404	191,676
Other	327,261	205,858	10,175	-	337,436	205,858
Total revenues	<u>6,454,276</u>	<u>6,596,853</u>	<u>1,137,887</u>	<u>1,183,071</u>	<u>7,592,163</u>	<u>7,779,924</u>
<b>Expenses</b>						
General government	944,585	819,954	-	-	944,585	819,954
Public safety	1,427,919	1,469,211	-	-	1,427,919	1,469,211
Public works	711,227	725,716	-	-	711,227	725,716
Culture/recreation/education	1,008,567	1,001,747	-	-	1,008,567	1,001,747
Conservation and development	583,626	486,112	-	-	583,626	486,112
Water	-	-	421,911	416,107	421,911	416,107
Sewer	-	-	366,129	342,328	366,129	342,328
Stormwater	-	-	197,556	138,276	197,556	138,276
Interest and fiscal charges	553,631	307,925	-	-	553,631	307,925
Total expenses	<u>5,229,555</u>	<u>4,810,665</u>	<u>985,596</u>	<u>896,711</u>	<u>6,215,151</u>	<u>5,707,376</u>
Income before transfers	<u>1,224,721</u>	<u>1,786,188</u>	<u>152,291</u>	<u>286,360</u>	<u>1,377,012</u>	<u>2,072,548</u>
Transfers	<u>56,230</u>	<u>60,195</u>	<u>(56,230)</u>	<u>(60,195)</u>	<u>-</u>	<u>-</u>
Changes in net position	1,280,951	1,846,383	96,061	226,165	1,377,012	2,072,548
<b>Beginning Net Position</b>	<u>2,845,213</u>	<u>998,830</u>	<u>3,920,369</u>	<u>3,694,204</u>	<u>6,765,582</u>	<u>4,693,034</u>
<b>Ending Net Position</b>	<u>\$ 4,126,164</u>	<u>\$ 2,845,213</u>	<u>\$ 4,016,430</u>	<u>\$ 3,920,369</u>	<u>\$ 8,142,594</u>	<u>\$ 6,765,582</u>

# Village of Shorewood Hills

Management's Discussion and Analysis  
 December 31, 2022  
 (Unaudited)

As previously noted, the Statement of Net Position shows the change in net position. The specific nature or source of these changes then becomes more evident in the Statement of Activities as shown above in Table 2.



## Governmental Activities

Governmental activities increased the Village's net position by \$1,280,951. This increase is a result of an increase in property taxes, in addition to an increase in investment income and operating grants and revenues.

# Village of Shorewood Hills

Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

## Business-Type Activities

Business-type activities increased the Village's net position by \$96,061. This increase is primarily a result of the following items:

- The water utility had an increase in net position of \$94,963. Operating income for the water utility was \$177,921. The nonoperating expenses, net of revenues, were \$26,728. In addition, there was a transfer out of \$56,230 for the current year tax equivalent.
- The sewer utility had a decrease in net position of \$20,886. This was due to an operating loss of \$14,363 and nonoperating expenses, net of revenues, of \$6,523.
- The stormwater utility had an increase in net position of \$21,984. This was due to an operating income of \$20,771. The nonoperating revenues, net of expenses, were \$1,213.

## Financial Analysis of the Village's Funds

### Governmental Funds

#### General Fund

The Village's general fund is the chief operating fund of the Village. Total fund balance in the general fund increased \$32,333. Income before transfers was \$853,545.

The Village evaluates general fund balance by measuring the unassigned general fund balance as a percentage of the current year's general fund budget. For 2022, unassigned fund balance is \$886,738 and the general fund expenditure budget was \$4,098,748, resulting in an unassigned fund balance of 21.6%.

#### Swimming Pool Fund

The Village's swimming pool fund accounts for resources committed to supporting expenditures for the swimming pool program. Total fund balance in the swimming pool fund is \$327,562, which is an increase of \$54,304 from the prior year.

#### Debt Service Fund

The Village's debt service fund accounts for resources that are restricted to expenditures for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt. Total fund balance in the debt service fund is \$19,349, which is a decrease of \$547 from the prior year.

#### Capital Improvement Fund

The Village's capital improvement fund accounts for proceeds from long-term borrowing and other resources to be used for capital improvement projects. Total fund balance in the capital improvement fund is \$476,257, which is an increase of \$242,720 from the prior year. The increase in fund balance is mainly due to a current year debt issuance.

## **Village of Shorewood Hills**

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Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

### **TID No. 3**

The Village's TID No. 3 fund accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TID No. 3 fund is \$4,914,820, which is an increase of \$4,423,754 from the prior year. The increase is mainly due to a debt issuance in the current year for University Avenue not being fully expended.

### **TID No. 4**

The Village's TID No. 4 fund accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing. Total fund balance in the TID No. 4 fund is \$350,588, which is an increase of \$21,858 from the prior year.

### **TID No. 5**

The Village's TID No. 5 fund accounts for expenditures outlined in the TID project plan and related revenues and proceeds from long-term borrowing. Fund balance in the TID No. 5 fund is \$25,624, which is an increase of \$17,328 from the prior year.

### **Nonmajor Governmental Fund – Waterfront**

Fund balance for the nonmajor governmental fund, Waterfront, is \$68,472, which is an increase of \$12,425 from the prior year.

### **Nonmajor Governmental Fund – Donation**

Fund balance for the nonmajor governmental fund, Donation, is \$11,590, which is a decrease of \$201 from the prior year.

### **Nonmajor Governmental Fund – ARPA**

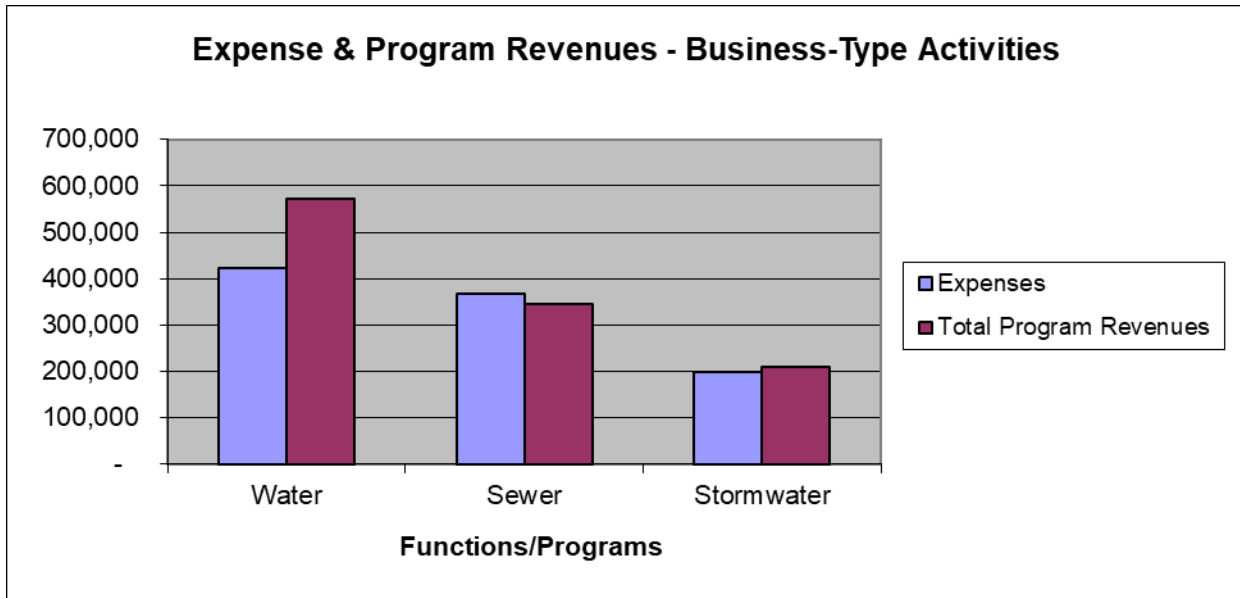
The ARPA fund was created in 2021 and does not have a fund balance as of year-end. The grant received is held in unearned revenue (liability).

### **Proprietary Funds**

The Village of Shorewood Hills' proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have already been addressed in the discussion of the Village's business-type activities.

# Village of Shorewood Hills

Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)



## General Fund Budgetary Highlights

The original General Fund budget had total revenues and other sources of approximately \$4,098,748; and total appropriations of approximately \$4,098,748. The budget was not amended during the year.

Total revenues and other sources were \$4,183,160, which was \$84,412 more than the budget. This was primarily due to interest income coming in over budget.

Actual expenditures and other uses were \$4,150,827 which was \$52,079 more than budget. This was primarily due to expenditure increases in general government.

## Village of Shorewood Hills

Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

### Capital Assets

At the end of 2022, the Village had invested a total of \$18,266,957 in capital assets. This investment in capital assets includes land, buildings, machinery and equipment and infrastructure. This investment does not include infrastructure acquired prior to 2004, which the Village is not required to record.

**Table 3**  
**Capital Assets**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,991,523	\$ 1,991,523	\$ 11,512	\$ 11,512	\$ 2,003,035	\$ 2,003,035
Land improvements	1,122,475	1,122,475	-	-	1,122,475	1,122,475
Construction in progress	1,702,793	1,074,249	-	-	1,702,793	1,074,249
Buildings	4,033,171	3,292,682	-	-	4,033,171	3,292,682
Machinery and equipment	2,538,153	2,400,056	-	-	2,538,153	2,400,056
Infrastructure	6,240,872	6,240,872	-	-	6,240,872	6,240,872
Intangibles	71,480	71,480	-	-	71,480	71,480
Utility plant	-	-	7,501,229	7,496,433	7,501,229	7,496,433
Total capital assets	17,700,467	16,193,337	7,512,741	7,507,945	25,213,208	23,701,282
Less accumulated depreciation	(4,941,329)	(4,667,374)	(2,004,922)	(1,861,440)	(6,946,251)	(6,528,814)
Total capital assets	<u>\$ 12,759,138</u>	<u>\$ 11,525,963</u>	<u>\$ 5,507,819</u>	<u>\$ 5,646,505</u>	<u>\$ 18,266,957</u>	<u>\$ 17,172,468</u>

Additional information on the Village's capital assets can be found in Note 3.

### Long-Term Debt

At December 31, 2022, the Village had \$16,735,000 of general obligation long-term notes and bonds outstanding.

Total long-term notes and bonds outstanding at December 31, 2022 increased by \$4,310,000. This was due to a long-term debt issuance in the current year for capital and TID projects.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5 percent of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022 was \$36,923,510. Total general obligation debt outstanding at year-end was \$16,735,000. Therefore, the Village was at 45.3% of its legal debt limit.

**Table 4**  
**Long-Term Debt**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation debt	<u>\$ 15,316,352</u>	<u>\$ 10,799,624</u>	<u>\$ 1,418,648</u>	<u>\$ 1,625,376</u>	<u>\$ 16,735,000</u>	<u>\$ 12,425,000</u>

Additional information on the Village's long-term debt can be found in Note 3.

## **Village of Shorewood Hills**

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Management's Discussion and Analysis  
December 31, 2022  
(Unaudited)

### **Currently Known Facts/Economic Conditions**

All other currently known facts and economic conditions were considered in preparing the 2023 Village budget.

### **Requests for Information**

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Village's finances. If you have questions about this report or need additional financial information, contact the Village Administrator.



# Village of Shorewood Hills

Statement of Net Position  
December 31, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets and Deferred Outflows of Resources</b>			
<b>Assets</b>			
Cash and investments	\$ 8,733,902	\$ 12,230	\$ 8,746,132
Receivables:			
Taxes receivable	4,621,972	-	4,621,972
Accounts	115,297	86,496	201,793
Leases	2,021,443	-	2,021,443
Delinquent personal property taxes	18,826	-	18,826
Internal balances	87,645	(87,645)	-
Prepaid items	2,357	-	2,357
Restricted asset:			
Net pension asset	705,709	50,607	756,316
Capital assets:			
Land	1,991,523	11,512	2,003,035
Construction in progress	1,702,793	-	1,702,793
Other capital assets, net of depreciation	<u>9,064,822</u>	<u>5,496,307</u>	<u>14,561,129</u>
Total assets	<u>29,066,289</u>	<u>5,569,507</u>	<u>34,635,796</u>
<b>Deferred Outflows of Resources</b>			
Pension related amounts	1,368,263	103,779	1,472,042
Loss on refunding	<u>17,470</u>	<u>13,051</u>	<u>30,521</u>
Total deferred outflows of resources	<u>1,385,733</u>	<u>116,830</u>	<u>1,502,563</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	1,635,056	85,489	1,720,545
Deposits	1,860	-	1,860
Unearned revenues	209,442	-	209,442
Noncurrent liabilities:			
Due within one year	1,971,783	234,058	2,205,841
Due in more than one year	<u>14,160,163</u>	<u>1,219,791</u>	<u>15,379,954</u>
Total liabilities	<u>17,978,304</u>	<u>1,539,338</u>	<u>19,517,642</u>
<b>Deferred Inflows of Resources</b>			
Unearned revenues	4,673,661	-	4,673,661
Pension related amounts	1,652,450	130,569	1,783,019
Lease related amounts	<u>2,021,443</u>	<u>-</u>	<u>2,021,443</u>
Total deferred inflows of resources	<u>8,347,554</u>	<u>130,569</u>	<u>8,478,123</u>
<b>Net Position</b>			
Net investment in capital assets	4,401,138	4,067,021	7,627,424
Restricted for:			
TIF projects	786,209	-	786,209
Pension	705,709	50,607	756,316
Unrestricted (deficit)	<u>(1,766,892)</u>	<u>(101,198)</u>	<u>(1,027,355)</u>
Total net position	<u>\$ 4,126,164</u>	<u>\$ 4,016,430</u>	<u>\$ 8,142,594</u>

See notes to financial statements

# Village of Shorewood Hills

## Statement of Activities

Year Ended December 31, 2022

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenues and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Governmental activities:						
General government	\$ 944,585	\$ 104,284	\$ -	\$ (840,301)	\$ -	\$ (840,301)
Public safety	1,427,919	81,568	25,580	(1,320,771)	-	(1,320,771)
Public works	711,227	54,023	297,968	(359,236)	-	(359,236)
Culture, education and recreation	1,008,567	903,155	11,390	(94,022)	-	(94,022)
Conservation and development	583,626	-	-	(583,626)	-	(583,626)
Interest and fiscal charges	553,631	-	-	(553,631)	-	(553,631)
Total governmental activities	<u>5,229,555</u>	<u>1,143,030</u>	<u>334,938</u>	<u>(3,751,587)</u>	<u>-</u>	<u>(3,751,587)</u>
Business-type activities:						
Water	421,911	573,104	-	-	151,193	151,193
Sewer	366,129	345,243	-	-	(20,886)	(20,886)
Stormwater	197,556	209,365	-	-	11,809	11,809
Total business-type activities	<u>985,596</u>	<u>1,127,712</u>	<u>-</u>	<u>-</u>	<u>142,116</u>	<u>142,116</u>
Total	<u>\$ 6,215,151</u>	<u>\$ 2,270,742</u>	<u>\$ 334,938</u>	<u>(3,751,587)</u>	<u>142,116</u>	<u>(3,609,471)</u>
<b>General Revenues</b>						
Taxes:						
Property taxes, levied for general purposes				2,957,959	-	2,957,959
Property taxes, levied for TIF districts				1,511,684	-	1,511,684
Intergovernmental revenues not restricted to specific programs				179,404	-	179,404
Investment income				185,539	-	185,539
Miscellaneous				141,722	10,175	151,897
Total general revenues				<u>4,976,308</u>	<u>10,175</u>	<u>4,986,483</u>
Transfers				<u>56,230</u>	<u>(56,230)</u>	<u>-</u>
Change in net position				1,280,951	96,061	1,377,012
<b>Net Position, Beginning</b>				<u>2,845,213</u>	<u>3,920,369</u>	<u>6,765,582</u>
<b>Net Position, Ending</b>				<u>\$ 4,126,164</u>	<u>\$ 4,016,430</u>	<u>\$ 8,142,594</u>

See notes to financial statements

# Village of Shorewood Hills

Balance Sheet  
Governmental Funds  
December 31, 2022

	<u>General</u>	<u>Swimming Pool</u>	<u>Debt Service</u>	<u>Capital Improvement Fund</u>
<b>Assets</b>				
Cash and investments	\$ 1,198,935	\$ 353,963	\$ 19,349	\$ 385,704
Receivables:				
Taxes	3,273,132	-	-	-
Delinquent personal property taxes	18,826	-	-	-
Accounts	57,055	13,104	45,088	-
Leases	2,021,443	-	-	-
Advances to other funds	-	-	-	90,553
Prepaid items	2,357	-	-	-
	<u>6,571,748</u>	<u>367,067</u>	<u>64,437</u>	<u>476,257</u>
Total assets	<u>\$ 6,571,748</u>	<u>\$ 367,067</u>	<u>\$ 64,437</u>	<u>\$ 476,257</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 160,759	\$ 2,970	\$ -	\$ -
Accrued liabilities	37,041	36,535	-	-
Due to other funds	2,908	-	-	-
Unearned revenues	-	-	-	-
Deposits	-	-	-	-
	<u>200,708</u>	<u>39,505</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>200,708</u>	<u>39,505</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Lease related amounts	2,021,443	-	-	-
Unearned revenues	3,324,821	-	-	-
Unavailable revenues	-	-	45,088	-
	<u>5,346,264</u>	<u>-</u>	<u>45,088</u>	<u>-</u>
Total deferred inflows of resources	<u>5,346,264</u>	<u>-</u>	<u>45,088</u>	<u>-</u>
<b>Fund Balances</b>				
Nonspendable	21,183	-	-	90,553
Restricted	-	-	19,349	385,704
Committed	-	327,562	-	-
Assigned	116,855	-	-	-
Unassigned	886,738	-	-	-
	<u>1,024,776</u>	<u>327,562</u>	<u>19,349</u>	<u>476,257</u>
Total fund balances	<u>1,024,776</u>	<u>327,562</u>	<u>19,349</u>	<u>476,257</u>
Total liabilities, deferred Inflows of resources and fund balances	<u>\$ 6,571,748</u>	<u>\$ 367,067</u>	<u>\$ 64,437</u>	<u>\$ 476,257</u>

See notes to financial statements

<u>Tax Incremental District No. 3</u>	<u>Tax Incremental District No. 4</u>	<u>Tax Incremental District No. 5</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 6,108,312	\$ 350,599	\$ 25,635	\$ 291,405	\$ 8,733,902
856,088	309,100	183,652	-	4,621,972
-	-	-	-	18,826
-	-	-	50	115,297
-	-	-	-	2,021,443
-	-	-	-	90,553
-	-	-	-	2,357
<u>\$ 6,964,400</u>	<u>\$ 659,699</u>	<u>\$ 209,287</u>	<u>\$ 291,455</u>	<u>\$ 15,604,350</u>
\$ 1,193,192	\$ 11	\$ 11	\$ 91	\$ 1,357,034
300	-	-	-	73,876
-	-	-	-	2,908
-	-	-	209,442	209,442
-	-	-	1,860	1,860
<u>1,193,492</u>	<u>11</u>	<u>11</u>	<u>211,393</u>	<u>1,645,120</u>
-	-	-	-	2,021,443
856,088	309,100	183,652	-	4,673,661
-	-	-	-	45,088
<u>856,088</u>	<u>309,100</u>	<u>183,652</u>	<u>-</u>	<u>6,740,192</u>
-	-	-	-	111,736
4,914,820	350,588	25,624	11,590	5,707,675
-	-	-	68,472	396,034
-	-	-	-	116,855
-	-	-	-	886,738
<u>4,914,820</u>	<u>350,588</u>	<u>25,624</u>	<u>80,062</u>	<u>7,219,038</u>
<u>\$ 6,964,400</u>	<u>\$ 659,699</u>	<u>\$ 209,287</u>	<u>\$ 291,455</u>	<u>\$ 15,604,350</u>

See notes to financial statements

## Village of Shorewood Hills

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2022

**Total Fund Balances, Governmental Funds** \$ 7,219,038

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

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

Land	1,991,523
Construction in progress	1,702,793
Other capital assets	14,006,151
Less accumulated depreciation	(4,941,329)

Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. 45,088

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 705,709

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 1,368,263

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (1,652,450)

Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds and notes payable	(15,316,352)
Compensated absences	(314,207)
Accrued interest	(204,146)
Unamortized debt premium on debt issuance	(467,160)
Village share of landfill district deficit	(34,227)

A deferred charge on refunding represents a consumption of net position that applies to a future period and, therefore, is not reported in the funds. 17,470

**Net Position of Governmental Activities** \$ 4,126,164

## Village of Shorewood Hills

### Statement of Revenues, Expenditures and Changes in Fund Balances

#### Governmental Funds

Year Ended December 31, 2022

	<u>General</u>	<u>Swimming Pool</u>	<u>Debt Service</u>	<u>Capital Improvement Fund</u>
<b>Revenues</b>				
Taxes	\$ 2,957,959	\$ -	\$ -	\$ -
Intergovernmental	371,489	-	-	-
Licenses and permits	74,537	-	-	-
Fines, forfeitures and penalties	38,972	-	-	-
Public charges for services	135,537	700,305	-	-
Investment income	184,618	-	921	-
Miscellaneous revenues	231,056	1,269	14,499	-
	<u>3,994,168</u>	<u>701,574</u>	<u>15,420</u>	<u>-</u>
Total revenues				
<b>Expenditures</b>				
Current:				
General government	792,899	-	-	-
Public safety	1,545,914	-	-	-
Public works	517,157	-	-	-
Culture, recreation and education	207,539	640,397	-	-
Conservation and development	77,114	-	-	-
Capital outlay	-	73	-	400,013
Debt service:				
Principal	-	-	1,653,730	-
Interest and fiscal charges	-	-	147,383	-
	<u>3,140,623</u>	<u>640,470</u>	<u>1,801,113</u>	<u>400,013</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>853,545</u>	<u>61,104</u>	<u>(1,785,693)</u>	<u>(400,013)</u>
<b>Other Financing Sources (Uses)</b>				
Debt issued	-	-	-	750,000
Refunding debt issued	-	-	725,000	-
Premium on debt issued	-	-	43,142	-
Property sales	-	-	-	25,495
Transfers in	188,992	-	1,017,004	-
Transfers out	(1,010,204)	(6,800)	-	(132,762)
	<u>(821,212)</u>	<u>(6,800)</u>	<u>1,785,146</u>	<u>642,733</u>
Total other financing sources (uses)				
Net change in fund balances	32,333	54,304	(547)	242,720
<b>Fund Balances, Beginning</b>	<u>992,443</u>	<u>273,258</u>	<u>19,896</u>	<u>233,537</u>
<b>Fund Balances, Ending</b>	<u>\$ 1,024,776</u>	<u>\$ 327,562</u>	<u>\$ 19,349</u>	<u>\$ 476,257</u>

See notes to financial statements

<u>Tax Incremental District No. 3</u>	<u>Tax Incremental District No. 4</u>	<u>Tax Incremental District No. 5</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 1,036,397	\$ 302,515	\$ 172,772	\$ -	\$ 4,469,643
131,337	126	-	-	502,952
-	-	-	-	74,537
-	-	-	-	38,972
-	-	-	76,239	912,081
-	-	-	-	185,539
-	-	-	12,732	259,556
<u>1,167,734</u>	<u>302,641</u>	<u>172,772</u>	<u>88,971</u>	<u>6,443,280</u>
-	-	-	-	792,899
-	-	-	-	1,545,914
-	-	-	-	517,157
-	-	-	65,156	913,092
324,445	130,480	155,444	11,591	699,074
1,229,800	-	-	-	1,629,886
6,043,227	116,315	-	-	7,813,272
264,424	33,988	-	-	445,795
<u>7,861,896</u>	<u>280,783</u>	<u>155,444</u>	<u>76,747</u>	<u>14,357,089</u>
<u>(6,694,162)</u>	<u>21,858</u>	<u>17,328</u>	<u>12,224</u>	<u>(7,913,809)</u>
5,500,000	-	-	-	6,250,000
5,355,000	-	-	-	6,080,000
262,916	-	-	-	306,058
-	-	-	-	25,495
-	-	-	-	1,205,996
-	-	-	-	(1,149,766)
<u>11,117,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,717,783</u>
4,423,754	21,858	17,328	12,224	4,803,974
491,066	328,730	8,296	67,838	2,415,064
<u>\$ 4,914,820</u>	<u>\$ 350,588</u>	<u>\$ 25,624</u>	<u>\$ 80,062</u>	<u>\$ 7,219,038</u>

See notes to financial statements

## Village of Shorewood Hills

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended December 31, 2022

**Net Change in Fund Balances, Total Governmental Funds** \$ 4,803,974

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

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	1,629,886
Some items reported as operating expenditures in the fund financial statements but are capitalized in the government-wide statements	22,183
Depreciation is reported in the government-wide financial statements	(411,946)
Net book value of assets retired	(6,948)

Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.

(14,499)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(12,330,000)
Principal repaid	7,813,272

Governmental funds report debt premiums and discounts as other financing sources (uses) or financing sources or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Current year premium	(306,058)
Amortization of debt premium	44,782

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

Compensated absences	15,855
Accrued interest on debt	(143,883)
Amortization of deferred charge on refunding	(8,735)
Net pension asset/liability	148,975
Deferred outflows of resources related to pensions	444,215
Deferred inflows of resources related to pensions	(427,875)

The proportionate share of the change in net position related to joint ventures reported in the statement of activities neither provides nor uses current financial resources and is not reported in the fund financial statements.

7,753

**Change in Net Position of Governmental Activities** \$ 1,280,951



# Village of Shorewood Hills

Statement of Net Position  
Proprietary Funds  
December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Stormwater Utility</b>	<b>Total</b>
<b>Assets</b>				
Current assets:				
Cash and investments	\$ -	\$ -	\$ 12,230	\$ 12,230
Receivables:				
Accounts	43,387	26,262	16,847	86,496
Due from other funds	1,418	911	579	2,908
Total current assets	<u>44,805</u>	<u>27,173</u>	<u>29,656</u>	<u>101,634</u>
Noncurrent assets:				
Restricted asset:				
Net pension asset	22,792	17,042	10,773	50,607
Capital assets:				
Land	11,512	-	-	11,512
Property and equipment	3,841,296	1,679,643	1,980,290	7,501,229
Less accumulated depreciation	<u>(1,060,939)</u>	<u>(576,192)</u>	<u>(367,791)</u>	<u>(2,004,922)</u>
Total noncurrent assets	<u>2,814,661</u>	<u>1,120,493</u>	<u>1,623,272</u>	<u>5,558,426</u>
Total assets	<u>2,859,466</u>	<u>1,147,666</u>	<u>1,652,928</u>	<u>5,660,060</u>
<b>Deferred Outflows of Resources</b>				
Pension related amounts	46,835	34,985	21,959	103,779
Deferred charge on refunding	4,626	4,188	4,237	13,051
Total deferred outflows of resources	<u>51,461</u>	<u>39,173</u>	<u>26,196</u>	<u>116,830</u>

See notes to financial statements

## Village of Shorewood Hills

Statement of Net Position  
Proprietary Funds  
December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Stormwater Utility</b>	<b>Total</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	\$ 18,985	\$ 53,486	\$ 3,887	\$ 76,358
Accrued interest	5,446	1,447	2,238	9,131
Current portion of general obligation debt	<u>104,058</u>	<u>60,000</u>	<u>70,000</u>	<u>234,058</u>
Total current liabilities	<u>128,489</u>	<u>114,933</u>	<u>76,125</u>	<u>319,547</u>
Noncurrent liabilities:				
Long-term debt:				
General obligation debt, including unamortized premium	758,828	190,096	270,867	1,219,791
Advances from other funds	<u>84,975</u>	<u>5,578</u>	<u>-</u>	<u>90,553</u>
Total noncurrent liabilities	<u>843,803</u>	<u>195,674</u>	<u>270,867</u>	<u>1,310,344</u>
Total liabilities	<u>972,292</u>	<u>310,607</u>	<u>346,992</u>	<u>1,629,891</u>
<b>Deferred Inflows of Resources</b>				
Pension related amounts	<u>58,352</u>	<u>43,958</u>	<u>28,259</u>	<u>130,569</u>
Total deferred inflows of resources	<u>58,352</u>	<u>43,958</u>	<u>28,259</u>	<u>130,569</u>
<b>Net Position</b>				
Net investment in capital assets	1,933,609	857,543	1,275,869	4,067,021
Restricted for:				
Pension	22,792	17,042	10,773	50,607
Unrestricted (deficit)	<u>(76,118)</u>	<u>(42,311)</u>	<u>17,231</u>	<u>(101,198)</u>
Total net position	<u>\$ 1,880,283</u>	<u>\$ 832,274</u>	<u>\$ 1,303,873</u>	<u>\$ 4,016,430</u>

See notes to financial statements

## Village of Shorewood Hills

### Statement of Revenues, Expenses and Changes in Net Position

#### Proprietary Funds

Year Ended December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Stormwater Utility</b>	
<b>Operating Revenues</b>				
Public charges for services	\$ 568,272	\$ 345,243	\$ 209,365	\$ 1,122,880
Other operating revenue	<u>4,832</u>	<u>-</u>	<u>-</u>	<u>4,832</u>
Total operating revenues	<u>573,104</u>	<u>345,243</u>	<u>209,365</u>	<u>1,127,712</u>
<b>Operating Expenses</b>				
Operation and maintenance	317,386	325,610	148,989	791,985
Depreciation	74,154	33,996	39,605	147,755
Taxes	<u>3,643</u>	<u>-</u>	<u>-</u>	<u>3,643</u>
Total operating expenses	<u>395,183</u>	<u>359,606</u>	<u>188,594</u>	<u>943,383</u>
Operating income (loss)	<u>177,921</u>	<u>(14,363)</u>	<u>20,771</u>	<u>184,329</u>
<b>Nonoperating Revenues (Expenses)</b>				
Miscellaneous revenues	-	-	10,175	10,175
Interest and fiscal charges	(28,214)	(7,092)	(9,649)	(44,955)
Amortization on debt premium	2,919	1,285	2,009	6,213
Amortization of loss on refunding	<u>(1,433)</u>	<u>(716)</u>	<u>(1,322)</u>	<u>(3,471)</u>
Total nonoperating revenues (expenses)	<u>(26,728)</u>	<u>(6,523)</u>	<u>1,213</u>	<u>(32,038)</u>
Income before transfers	<u>151,193</u>	<u>(20,886)</u>	<u>21,984</u>	<u>152,291</u>
<b>Transfers</b>				
Transfers out	<u>(56,230)</u>	<u>-</u>	<u>-</u>	<u>(56,230)</u>
Total transfers	<u>(56,230)</u>	<u>-</u>	<u>-</u>	<u>(56,230)</u>
Change in net position	94,963	(20,886)	21,984	96,061
<b>Net Position, Beginning</b>	<u>1,785,320</u>	<u>853,160</u>	<u>1,281,889</u>	<u>3,920,369</u>
<b>Net Position, Ending</b>	<u>\$ 1,880,283</u>	<u>\$ 832,274</u>	<u>\$ 1,303,873</u>	<u>\$ 4,016,430</u>

See notes to financial statements

## Village of Shorewood Hills

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Stormwater Utility</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>				
Received from customers	\$ 579,735	\$ 346,321	\$ 218,388	\$ 1,144,444
Paid to suppliers for goods and services	(264,785)	(265,125)	(68,469)	(598,379)
Paid to employees for services	(68,417)	(53,832)	(68,719)	(190,968)
Net cash flows from operating activities	<u>246,533</u>	<u>27,364</u>	<u>81,200</u>	<u>355,097</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Paid to municipality for tax equivalent	(56,230)	-	-	(56,230)
Paid on long-term advances	(56,551)	-	-	(56,551)
Net cash flows from noncapital financing activities	<u>(112,781)</u>	<u>-</u>	<u>-</u>	<u>(112,781)</u>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Debt retired	(91,728)	(50,000)	(65,000)	(206,728)
Interest paid	(28,588)	(7,291)	(9,936)	(45,815)
Acquisition and construction of capital assets	(13,436)	-	-	(13,436)
Net cash flows from capital and related financing activities	<u>(133,752)</u>	<u>(57,291)</u>	<u>(74,936)</u>	<u>(265,979)</u>
Net change in cash and cash equivalents	-	(29,927)	6,264	(23,663)
<b>Cash and Cash Equivalents, Beginning</b>	<u>-</u>	<u>29,927</u>	<u>5,966</u>	<u>35,893</u>
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,230</u>	<u>\$ 12,230</u>

See notes to financial statements

## Village of Shorewood Hills

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water Utility</b>	<b>Sewer Utility</b>	<b>Stormwater Utility</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities</b>				
Operating income (loss)	\$ 177,921	\$ (14,363)	\$ 20,771	\$ 184,329
Nonoperating revenue	-	-	10,175	10,175
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	74,154	33,996	39,605	147,755
Depreciation charged to other funds	4,367	-	-	4,367
Changes in assets and liabilities:				
Accounts receivable	2,264	1,078	(1,152)	2,190
Accounts payable	(7,250)	4,224	3,280	254
Other current liabilities	(2,553)	(1,533)	(1,672)	(5,758)
Pension related deferrals and assets/liabilities	(2,370)	(1,616)	(797)	(4,783)
Advances to other funds	-	5,578	-	5,578
Prepaid items	-	-	10,990	10,990
Net cash flows from operating activities	<u>\$ 246,533</u>	<u>\$ 27,364</u>	<u>\$ 81,200</u>	<u>\$ 355,097</u>
<b>Noncash Capital and Related Financing Activities</b>				
Amortization of debt premium	<u>\$ 2,919</u>	<u>\$ 1,285</u>	<u>\$ 2,009</u>	
Amortization of loss on refunding	<u>\$ 1,433</u>	<u>\$ 716</u>	<u>\$ 1,322</u>	

See notes to financial statements

## Village of Shorewood Hills

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2022

	<b>Custodial Fund Tax Collection Fund</b>
<b>Assets</b>	
Cash and investments	\$ 5,989,981
Tax roll receivable	<u>3,164,971</u>
Total assets	<u>9,154,952</u>
<b>Liabilities</b>	
Due to other governments	<u>9,154,952</u>
Total liabilities	<u>9,154,952</u>
<b>Net Position</b>	
Total net position	<u>\$ -</u>

See notes to financial statements

## Village of Shorewood Hills

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year Ended December 31, 2022

	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
<b>Additions</b>	
Tax collections	\$ 6,989,578
Total additions	<u>6,989,578</u>
<b>Deductions</b>	
Tax distributions to other governments	<u>6,989,578</u>
Total deductions	<u>6,989,578</u>
Change in fiduciary net position	-
<b>Net Position, Beginning</b>	<u>-</u>
<b>Net Position, Ending</b>	<u><u>\$ -</u></u>

See notes to financial statements

# Village of Shorewood Hills

Index to Notes to Financial Statements  
December 31, 2022

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	<u>Page</u>
<b>1. Summary of Significant Accounting Policies</b>	30
Reporting Entity	30
Government-Wide and Fund Financial Statements	30
Measurement Focus, Basis of Accounting and Financial Statement Presentation	32
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity	34
Deposits and Investments	34
Receivables	35
Inventories and Prepaid Items	35
Restricted Assets	35
Capital Assets	36
Deferred Outflows of Resources	36
Compensated Absences	36
Long-Term Obligations	37
Leases	37
Deferred Inflows of Resources	37
Equity Classifications	38
Pension	39
Basis for Existing Rates	39
<b>2. Stewardship, Compliance and Accountability</b>	40
Excess Expenditures and Other Financing Uses Over Budget	40
Limitations on the Village's Tax Levy	40
<b>3. Detailed Notes on All Funds</b>	40
Deposits and Investments	40
Receivables	41
Capital Assets	42
Interfund Receivables/Payables, Advances and Transfers	45
Short-Term Debt Activity	47
Long-Term Obligations	47
Lease Disclosures	49
Net Position/Fund Balances	49
<b>4. Other Information</b>	51
Employees' Retirement System	51
Risk Management	56
Commitments and Contingencies	57
Joint Ventures	57
Tax Abatement	58
Effect of New Accounting Standards on Current-Period Financial Statements	59



# Village of Shorewood Hills

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Notes to Financial Statements  
December 31, 2022

## 1. Summary of Significant Accounting Policies

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

### Reporting Entity

This report includes all of the funds of the Village. The reporting entity for the Village consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The Village has not identified any organizations that meet this criteria.

### Government-Wide and Fund Financial Statements

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the Village's leasing activities. This standard was implemented January 1, 2022.

### Government-Wide Financial Statements

The statement of net position 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, 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 are 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

### Fund Financial Statements

Financial statements of the Village are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

# Village of Shorewood Hills

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Notes to Financial Statements  
December 31, 2022

Funds are organized as major funds or nonmajor 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/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

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.

The Village reports the following major governmental funds:

## **General Fund**

General Fund accounts for the Village's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

## **Special Revenue Fund**

Swimming Pool Special Revenue Fund is used to account for and report local revenues committed to supporting expenditures for the swimming pool program.

## **Debt Service Fund**

Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs, other than TID or enterprise debt.

## **Capital Projects Funds**

Capital Improvement Fund Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets for the capital improvement program.

Tax Incremental District (TID) No. 3 Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 4 Capital Projects Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditures outlined in the TID project plan.

Tax Incremental District (TID) No. 5 Capital Projects Fund - used to account for and report financial resources that are restricted, committed or assigned to expenditures outline in the TID project plan.

# Village of Shorewood Hills

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Notes to Financial Statements  
December 31, 2022

## Enterprise Funds

The Village reports the following major enterprise funds:

Water Utility accounts for operations of the water system

Sewer Utility accounts for operations of the sewer system

Stormwater Utility accounts for operations of the stormwater system

The Village reports the following nonmajor governmental funds:

## Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Waterfront Fund

Donation Fund

American Rescue Plan Act (ARPA) Fund

In addition, the Village reports the following fund type:

## Custodial Fund

Custodial Fund is used to account for and report assets controlled by the Village and the assets are for the benefit of individuals, private organizations and/or other governmental units.

Tax Collection Fund

## Measurement Focus, Basis of Accounting and Financial Statement Presentation

### Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water, sewer and stormwater utilities 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.

# Village of Shorewood Hills

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Notes to Financial Statements  
December 31, 2022

## **Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

## **Proprietary and Fiduciary Funds**

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer and stormwater utilities are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **All Financial Statements**

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

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

### Deposits and Investments

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

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

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

The Village has adopted an investment policy. That policy follows the state statute for allowable investments. To address custodial credit risk, it is the Village's policy that investment amounts are limited to the maximum of state guarantee fund and FDIC insurance limits for each institution unless collateralized. To address credit risk, the village does not invest in stocks, corporate bonds, futures or derivatives and has limited deposits and investments of Village funds to those that meet the policy's objective of safety, meaning deposits and investments shall be undertaken in a manner that seeks to ensure the preservation of principal and to minimize credit risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2022, the fair value of the Village's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note 3 for further information.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Receivables

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

Property tax calendar - 2022 tax roll:

Lien date and levy date	December 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale - 2022 delinquent real estate taxes	October 2025

Delinquent real estate taxes as of July 31 are paid in full by the County, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water, sewer and stormwater utilities because they have the right by law to place substantially all delinquent bills on the tax roll and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as *due to and from other funds*. Long-term interfund loans (noncurrent portion) are reported as *advances from and to other funds*. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

## Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

## Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Capital Assets

### Government-Wide Financial Statements

Capital assets, which include property, plant and equipment (including right-to-use lease assets), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

Buildings	10-40 Years
Land Improvements	10-20 Years
Machinery and Equipment	5-25 Years
Utility System	40-100 Years
Infrastructure	50 Years
Intangibles	10 Years

Lease assets are typically amortized over the lease term.

### 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 way as in the government-wide statements.

### Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

### Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

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All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources.

The Village provides postemployment health insurance benefits for all eligible employees. Eligibility is based on retirement from the Village. The benefits are based on contractual agreements with employee groups, local ordinances or employee benefit policies. Employees may convert 100% of accumulated sick leave to pay for health care premiums. The cost of those premiums is recognized as an expenditure as the premiums are paid. The entire cost is paid by the Village. Funding for those costs is provided out of the current operating budget of the Village. The contributions are financed on a pay as you go basis. Total expenditures for such premiums during the year were not material. The number of participants currently eligible to receive benefits is six. The total amount outstanding at year-end to be paid in the future is \$110,820 and is included in the government-wide statement of net position.

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, 2022, are determined on the basis of current salary rates and include salary related payments.

## Long-Term Obligations

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

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

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

## Leases

The Village is a lessor because it leases capital assets to other entities. As a lessor, the Village reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The Village continues to report and depreciate the capital assets being leased as capital assets of the primary government.

## Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.



# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Equity Classifications

### Government-Wide Statements

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

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

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of *net investment in capital assets* and an increase in *unrestricted* net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 4,401,138	\$ 4,067,021	\$ (840,735)	\$ 7,627,424
Unrestricted	(1,766,892)	(101,198)	840,735	(1,027,355)

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

### Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the Village Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the Village Board that originally created the commitment.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

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- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Village Board has, by resolution, adopted a financial policy authorizing the Board to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The Village considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Village would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Village has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 15%-25% of the general fund's current year expenditure budget. The balance at year-end was \$886,738 or 21.6% and is included in unassigned general fund balance.

See Note 3 for further information.

## Pension

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Basis for Existing Rates

### Water Utility

Current water rates were approved by the Public Service Commission of Wisconsin on May 2, 2019.

### Sewer Utility

Current sewer rates were approved by the Village Board on August 15, 2016.

### Stormwater Utility

Current stormwater rates were approved by the Village Board on July 15, 2019.

## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

### 2. Stewardship, Compliance and Accountability

#### Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures and Other Financing Uses</u>	<u>Actual Expenditures and Other Financing Uses</u>	<u>Excess Expenditures and Other Financing Uses Over Budget</u>
Debt Service	\$ 1,017,004	\$ 1,801,113	\$ 784,109
TID No. 3	4,482,131	7,861,896	3,379,765
TID No. 4	269,085	280,783	11,698
TID No. 5	153,810	155,444	1,634

The Village controls expenditures at the department level. Some individual departments experienced expenditures which exceeded appropriations. The detail of those items can be found in the Village's year-end budget to actual report.

#### Limitations on the Village's Tax Levy

Wisconsin law limits the Village's future tax levies. Generally the Village is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the Village's equalized value due to net new construction or 0%. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The Village is required to reduce its allowable levy by the estimated amount of fee revenue it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum.

### 3. Detailed Notes on All Funds

#### Deposits and Investments

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

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 13,039,211	\$ 12,408,952	Custodial credit
LGIP	1,696,692	1,696,692	Credit
Petty cash	210	-	N/A
	<u>\$ 14,736,113</u>	<u>\$ 14,105,644</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 8,746,132		
Per statement of net position, fiduciary fund:			
Custodial fund	<u>5,989,981</u>		
	<u>\$ 14,736,113</u>		
Total deposits and investments			

## Village of Shorewood Hills

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Notes to Financial Statements  
December 31, 2022

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing custodial credit risk.

### **Custodial Credit Risk**

#### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to the Village.

The Village does not have any deposits exposed to custodial credit risk.

### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Village had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1 for further information on deposit and investment policies.

### **Receivables**

All of the receivables on the balance sheet are expected to be collected within one year with the exception of \$18,826 reported in the general fund for delinquent personal property taxes. and \$1,969,761 of leases receivable.

## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

Governmental funds report *unavailable* or *unearned revenue* 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 *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 4,618,764	\$ -
EMS billing not yet due	54,897	-
Leases receivable, not yet due	2,021,443	-
Grant received, not yet spent	209,442	-
Receivable not collected in period of availability	<u>-</u>	<u>45,088</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 6,904,546</u>	<u>\$ 45,088</u>
Unearned revenue included in liabilities	\$ 209,442	
Unearned revenue included in deferred inflows	<u>6,695,104</u>	
Total unearned revenue for governmental funds	<u>\$ 6,904,546</u>	

### Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated / amortized:				
Land	\$ 1,991,523	\$ -	\$ -	\$ 1,991,523
Construction in progress	<u>1,074,249</u>	<u>1,398,616</u>	<u>770,072</u>	<u>1,702,793</u>
Total capital assets not being depreciated / amortized	<u>3,065,772</u>	<u>1,398,616</u>	<u>770,072</u>	<u>3,694,316</u>
Capital assets being depreciated / amortized:				
Land improvements	1,122,475	-	-	1,122,475
Buildings	3,292,682	770,072	29,583	4,033,171
Machinery and equipment	2,400,056	253,453	115,356	2,538,153
Infrastructure	6,240,872	-	-	6,240,872
Intangibles	<u>71,480</u>	<u>-</u>	<u>-</u>	<u>71,480</u>
Total capital assets being depreciated / amortized	<u>13,127,565</u>	<u>1,023,525</u>	<u>144,939</u>	<u>14,006,151</u>
Total capital assets	<u>16,193,337</u>	<u>2,422,141</u>	<u>915,011</u>	<u>17,700,467</u>

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation / amortization for:				
Land improvements	\$ (877,278)	\$ (28,044)	\$ -	\$ (905,322)
Buildings	(1,302,149)	(75,151)	29,583	(1,347,717)
Machinery and equipment	(1,233,999)	(156,534)	108,408	(1,282,125)
Infrastructure	(1,229,473)	(147,667)	-	(1,377,140)
Intangibles	<u>(24,475)</u>	<u>(4,550)</u>	<u>-</u>	<u>(29,025)</u>
Total accumulated depreciation / amortization	<u>(4,667,374)</u>	<u>(411,946)</u>	<u>137,991</u>	<u>(4,941,329)</u>
Net capital assets being depreciated / amortized	<u>8,460,191</u>	<u>611,579</u>	<u>6,948</u>	<u>9,064,822</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 11,525,963</u>	<u>\$ 2,010,195</u>	<u>\$ 777,020</u>	<u>\$ 12,759,138</u>

Depreciation / amortization expense was charged to functions as follows:

## Governmental Activities

General government	\$ 56,837
Public safety	33,385
Public works	230,773
Culture, education and recreation	<u>90,951</u>
Total governmental activities depreciation expense	<u>\$ 411,946</u>

## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

### Business-Type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Water</b>				
Capital assets not being depreciated:				
Land and land rights	\$ 11,512	\$ -	\$ -	\$ 11,512
Total capital assets not being depreciated	<u>11,512</u>	<u>-</u>	<u>-</u>	<u>11,512</u>
Capital assets being depreciated:				
Pumping	302,983	-	-	302,983
Transmission and distribution	3,500,455	9,683	8,640	3,501,498
General	<u>33,062</u>	<u>3,753</u>	<u>-</u>	<u>36,815</u>
Total capital assets being depreciated	<u>3,836,500</u>	<u>13,436</u>	<u>8,640</u>	<u>3,841,296</u>
Total capital assets	<u>3,848,012</u>	<u>13,436</u>	<u>8,640</u>	<u>3,852,808</u>
Less accumulated depreciation for:				
Water utility plant	<u>(991,058)</u>	<u>(78,521)</u>	<u>8,640</u>	<u>(1,060,939)</u>
Total accumulated depreciation	<u>(991,058)</u>	<u>(78,521)</u>	<u>8,640</u>	<u>(1,060,939)</u>
Net capital assets being depreciated	<u>2,845,442</u>	<u>(65,085)</u>	<u>-</u>	<u>2,780,357</u>
Net water capital assets	<u>\$ 2,856,954</u>	<u>\$ (65,085)</u>	<u>\$ -</u>	<u>\$ 2,791,869</u>
<b>Sewer</b>				
Capital assets being depreciated:				
Collection system	\$ 1,290,770	\$ -	\$ -	\$ 1,290,770
Collection system pumping	80,707	-	-	80,707
Treatment and disposal	233,373	-	-	233,373
General	<u>74,793</u>	<u>-</u>	<u>-</u>	<u>74,793</u>
Total capital assets being depreciated	<u>1,679,643</u>	<u>-</u>	<u>-</u>	<u>1,679,643</u>
Less accumulated depreciation for:				
Sewer utility plant	<u>(542,196)</u>	<u>(33,996)</u>	<u>-</u>	<u>(576,192)</u>
Total accumulated depreciation	<u>(542,196)</u>	<u>(33,996)</u>	<u>-</u>	<u>(576,192)</u>
Net capital assets being depreciated	<u>1,137,447</u>	<u>(33,996)</u>	<u>-</u>	<u>1,103,451</u>
Net sewer capital assets	<u>\$ 1,137,447</u>	<u>\$ (33,996)</u>	<u>\$ -</u>	<u>\$ 1,103,451</u>

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Stormwater</b>				
Capital assets being depreciated:				
Collection system	\$ 1,980,290	\$ -	\$ -	\$ 1,980,290
Total capital assets being depreciated	<u>1,980,290</u>	<u>-</u>	<u>-</u>	<u>1,980,290</u>
Less accumulated depreciation for:				
Collection system	<u>(328,186)</u>	<u>(39,605)</u>	<u>-</u>	<u>(367,791)</u>
Total accumulated depreciation	<u>(328,186)</u>	<u>(39,605)</u>	<u>-</u>	<u>(367,791)</u>
Net capital assets being depreciated	<u>1,652,104</u>	<u>(39,605)</u>	<u>-</u>	<u>1,612,499</u>
Net stormwater capital assets	<u>\$ 1,652,104</u>	<u>\$ (39,605)</u>	<u>\$ -</u>	<u>\$ 1,612,499</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 5,646,505</u>	<u>\$ (138,686)</u>	<u>\$ -</u>	<u>\$ 5,507,819</u>

Depreciation / amortization expense was charged to functions as follows:

## Business-Type Activities

Water	\$ 74,154
Sewer	33,996
Stormwater	<u>39,605</u>
Total business-type activities depreciation expense	<u>\$ 147,755</u>

Depreciation expense may be different from business-type activity accumulated depreciation additions because of joint metering, salvage, cost of removal, internal allocations or costs associated with the disposal of assets.

## Interfund Receivables/Payables, Advances and Transfers

### Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Utility	General Fund	\$ 1,418
Sewer Utility	General Fund	911
Stormwater Utility	General Fund	<u>579</u>
Total, fund financial statements		2,908
Less government-wide eliminations		(5,816)
Add interfund advances		<u>90,553</u>
Total internal balances, government-wide statement of net position		<u>\$ 87,645</u>



## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 90,553
Business-type activities	Governmental activities	<u>(2,908)</u>
Total government-wide financial statements		<u>\$ 87,645</u>

All amounts are due within one year.

The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

### Advances

The capital improvement fund is advancing funds to the water utility and sewer utility. The amount advanced is determined by the negative cash balance due by the utility. No interest is being charged and no repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Capital Improvement Fund	Water Utility	\$ 84,975	\$ 84,975
Capital Improvement Fund	Sewer Utility	<u>5,578</u>	5,578
Total		<u>\$ 90,553</u>	

### Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General Fund	Water Utility	\$ 56,230	Tax equivalent
Debt Service Fund	General Fund	1,010,204	Debt service
Debt Service Fund	Swimming Pool Fund	6,800	Debt service
General Fund	Capital Improvement Fund	<u>132,762</u>	Budgeted funds transfer
Total, fund financial statements		1,205,996	
Less fund eliminations		<u>(1,149,766)</u>	
Total transfers, government-wide statement of activities		<u>\$ 56,230</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

### Short-Term Debt Activity

On April 6, 2022, the Village issued short-term debt in note anticipation notes in the amount of \$6,250,000. On May 2, 2022, the Village issued \$6,080,000 in general obligation refunding bonds, with interest ranging from 3.00% - 5.00%. The bonds were used to current refund the note anticipation notes dated April 6, 2022.

Short-term debt activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>		<u>Issued</u>		<u>Redeemed</u>		<u>Ending Balance</u>
Note Anticipation Note	\$ -		\$ 6,250,000		\$ 6,250,000		\$ -

### Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 10,799,624	\$ 6,080,000	\$ 1,563,272	\$ 15,316,352	\$ 1,815,943
Unamortized premiums	205,884	306,058	44,782	467,160	54,984
Total bonds and notes payable	<u>11,005,508</u>	<u>6,386,058</u>	<u>1,608,054</u>	<u>15,783,512</u>	<u>1,870,927</u>
Other liabilities:					
Vested compensated absences	330,062	74,501	90,356	314,207	100,856
Village share of landfill deficit	41,980	-	7,753	34,227	-
Total other liabilities	<u>372,042</u>	<u>74,501</u>	<u>98,109</u>	<u>348,434</u>	<u>100,856</u>
Total governmental activities long-term liabilities	<u>\$ 11,377,550</u>	<u>\$ 6,460,559</u>	<u>\$ 1,706,163</u>	<u>\$ 16,131,946</u>	<u>\$ 1,971,783</u>
<b>Business-Type Activities</b>					
Bonds and notes payable:					
General obligation debt	\$ 1,625,376	\$ -	\$ 206,728	\$ 1,418,648	\$ 234,058
Unamortized premiums	41,414	-	6,213	35,201	-
Total bonds and notes payable	<u>1,666,790</u>	<u>-</u>	<u>212,941</u>	<u>1,453,849</u>	<u>234,058</u>
Total business-type activities long-term liabilities	<u>\$ 1,666,790</u>	<u>\$ -</u>	<u>\$ 212,941</u>	<u>\$ 1,453,849</u>	<u>\$ 234,058</u>

In accordance with Wisconsin Statutes, total general obligation indebtedness of the Village may not exceed 5% of the equalized value of taxable property within the Village's jurisdiction. The debt limit as of December 31, 2022, was \$36,923,510. Total general obligation debt outstanding at year end was \$16,735,000.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## General Obligation Debt

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

<u>Governmental Activities</u>					<b>Balance</b>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
G.O. corp purpose bonds	05/16/12	03/01/27	2.00 - 2.50%	\$ 2,605,000	\$ 545,000
Taxable G.O. corp purpose bonds	06/10/13	05/01/30	2.00 - 3.55	3,155,000	1,630,000
G.O. refunding bonds	08/05/13	05/01/33	2.00 - 4.00	2,500,000	1,619,269
G.O. promissory notes	06/08/15	05/01/25	1.50 - 2.50	2,032,083	687,083
G.O. promissory note	05/03/17	05/01/27	2.00 - 3.00	3,585,000	1,640,000
G.O. promissory note	01/07/19	05/01/29	3.00 - 4.00	2,250,000	1,695,000
G.O. promissory note	11/13/19	05/01/28	2.00 - 3.00	1,790,000	1,420,000
G.O. refunding bonds	05/02/22	05/01/37	3.00 - 5.00	6,080,000	6,080,000
Total governmental activities, general obligation debt					<u>\$ 15,316,352</u>

<u>Business-Type Activities</u>					<b>Balance</b>
<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
G.O. corp. purpose bonds	05/16/12	03/01/27	2.00 - 2.50%	\$ 145,000	\$ 50,000
G.O. refunding bonds	08/05/13	05/01/33	2.00 - 4.00	560,000	420,731
G.O. promissory notes	06/08/15	05/01/25	1.50 - 2.50	167,917	62,917
G.O. promissory note	05/03/17	05/01/27	2.00 - 3.00	515,000	215,000
G.O. promissory note	11/13/19	05/01/19	2.00 - 3.00	815,000	670,000
Total business-type activities, general obligation debt					<u>\$ 1,418,648</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General Obligation Debt</u>		<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,815,943	\$ 603,289	\$ 234,058	\$ 38,641
2024	2,020,079	428,981	244,921	32,039
2025	1,720,434	366,441	149,566	26,142
2026	1,446,885	312,060	128,115	21,768
2027	1,500,419	260,667	134,581	17,516
2028-2032	4,338,037	683,572	481,963	39,030
2033-2037	2,474,555	183,766	45,444	909
Total	<u>\$ 15,316,352</u>	<u>\$ 2,838,776</u>	<u>\$ 1,418,648</u>	<u>\$ 176,045</u>

## Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Lease Disclosures

### Lessor - Lease Receivables

<u>Governmental Activities</u>				<u>Receivable Balance December 31, 2022</u>
<u>Lease Receivables Description</u>	<u>Date of Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	
Blackhawk Country Club - Grounds and building	01/01/2015	12/31/2044	2.88%	\$ 2,021,443
Total governmental activities				<u>\$ 2,021,443</u>

The Village recognized \$44,404 of lease revenue during the fiscal year.

The Village recognized \$59,496 of interest revenue during the fiscal year.

## Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

### Governmental Activities

Net investment in capital assets:	
Land	\$ 1,991,523
Construction in progress	1,702,793
Other capital assets, net of accumulated depreciation	9,064,822
Less long-term debt outstanding	(15,316,352)
Plus unspent capital related debt proceeds	4,954,777
Plus noncapital debt proceeds	2,470,735
Less unamortized debt premium	<u>(467,160)</u>
Total net investment in capital assets	<u>\$ 4,401,138</u>

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	General Fund	Swimming Pool Fund	Debt Service Fund	Capital Improvement Fund	Tax Incremental District No. 3	Tax Incremental District No. 4	Tax Incremental District No. 5	Nonmajor Funds	Total
<b>Fund Balances</b>									
<b>Nonspendable:</b>									
Advances	\$ -	\$ -	\$ -	\$ 90,553	\$ -	\$ -	\$ -	\$ -	\$ 90,553
Prepaid items	2,357	-	-	-	-	-	-	-	2,357
Delinquent personal property taxes	18,826	-	-	-	-	-	-	-	18,826
Subtotal	21,183	-	-	90,553	-	-	-	-	111,736
<b>Restricted for:</b>									
Debt service	-	-	19,349	-	-	-	-	-	19,349
TIF projects	-	-	-	-	4,914,820	350,588	25,624	-	5,291,032
Unspent proceeds	-	-	-	385,704	-	-	-	-	385,704
Ski trail grooming	-	-	-	-	-	-	-	100	100
Park & forestry	-	-	-	-	-	-	-	10,350	10,350
Garden club	-	-	-	-	-	-	-	1,484	1,484
Less overspent July 4th	-	-	-	-	-	-	-	(344)	(344)
Subtotal	-	-	19,349	385,704	4,914,820	350,588	25,624	11,590	5,707,675
<b>Committed to:</b>									
Future pool projects	-	327,562	-	-	-	-	-	-	327,562
Future marina projects	-	-	-	-	-	-	-	68,472	68,472
Subtotal	-	327,562	-	-	-	-	-	68,472	396,034
<b>Assigned to:</b>									
Land recreation	18,277	-	-	-	-	-	-	-	18,277
Tennis	12,996	-	-	-	-	-	-	-	12,996
Outdoor basketball	5,400	-	-	-	-	-	-	-	5,400
Outdoor soccer	17,469	-	-	-	-	-	-	-	17,469
Subsequent year budget	62,713	-	-	-	-	-	-	-	62,713
Subtotal	116,855	-	-	-	-	-	-	-	116,855
<b>Unassigned:</b>									
	886,738	-	-	-	-	-	-	-	886,738
Total fund balances	\$ 1,024,776	\$ 327,562	\$ 19,349	\$ 476,257	\$ 4,914,820	\$ 350,588	\$ 25,624	\$ 80,062	\$ 7,219,038

## Business-Type Activities

Net investment in capital assets:

Land	\$ 11,512
Other capital assets, net of accumulated depreciation	5,496,307
Less long-term debt outstanding	(1,418,648)
Plus unamortized deferred charge on refunding	13,051
Less unamortized debt premium	(35,201)

Total net investment in capital assets \$ 4,067,021

# Village of Shorewood Hills

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Notes to Financial Statements  
December 31, 2022

## 4. Other Information

### Employees' Retirement System

#### Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

#### Vesting

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, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

#### Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

## Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$107,655 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives & elected officials)	6.75 %	6.75 %
Protective with Social Security	6.75 %	11.75 %
Protective without Social Security	6.75 %	16.35 %

## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

### Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Village reported an asset of \$756,316 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The Village's proportion of the net pension asset was based on the Village's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the Village's proportion was 0.00938337%, which was a decrease of 0.00027631% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the Village recognized pension expense of \$(61,985).

At December 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experience	\$ 1,221,791	\$ 88,104
Changes in assumptions	141,104	-
Net differences between projected and actual earnings on pension plan investments	-	1,691,944
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,931	2,971
Employer contributions subsequent to the measurement date	<u>106,216</u>	<u>-</u>
Total	<u>\$ 1,472,042</u>	<u>\$ 1,783,019</u>

\$106,216 reported as deferred outflows of resources related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Years Ending December 31:</b>	<b>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</b>
2023	\$ (35,574)
2024	(205,515)
2025	(90,055)
2026	(86,049)



## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

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### Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-Retirement Adjustments*:	1.7%

*\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

### Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation Targets and Expected Returns* As of December 31, 2021</b>			
<b>Core Fund Asset Class</b>	<b>Asset Allocation %</b>	<b>Long-Term Expected Nominal Rate of Return %</b>	<b>Long-Term Expected Real Rate of Return %**</b>
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4
<b>Variable Fund Asset</b>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

\* *Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations*

\*\* *New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%*

\*\*\* *The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.*

## Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

### Single Discount Rate

A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's '20-year Municipal GO AA Index' as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Sensitivity of the Village's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
Village's proportionate share of the net pension liability (asset)	\$ 536,660	\$ (756,316)	\$ (1,687,019)

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, the Village reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

### Risk Management

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

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

## Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

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

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

## Tax Increment Project Revenue Bonds

Over the years, the Village has authorized the issuance of Tax Incremental Project Revenue Bonds for the purpose of financing certain projects to eliminate blight and encourage development. The principal and interest on the bonds is solely payable from tax increments on the respective properties of the tax incremental districts. In conjunction with authorization of these debt issues, the Village entered into developer agreements with local businesses to provide development incentives to assist in undertaking the projects. The details related to the debt issues are:

<u>Date of Agreement</u>	<u>TID No.</u>	<u>Name of Project</u>	<u>Interest Rate</u>	<u>Scheduled Principal Payable</u>	<u>Original Amount</u>	<u>Principal Outstanding 12/31/22</u>
June 22, 2013	4	Walnut Grove	5.00%	2016-2030	\$ 900,000	\$ 557,549
March 16, 2015	3	700 University Bay Drive	5.00	2017-2029	2,100,000	1,623,150
January 19, 2016	3	The Boulevard	5.00	2018-2028	495,000	305,114
April 27, 2016	5	Lodge - Phase 2	5.00	2019-2043	2,490,000	2,389,050

The bonds include provisions that provide if tax increments are insufficient to pay principal or interest when due, such amounts will be accumulated and payable on the next scheduled payment date. In addition, the agreements state that the Village has no obligation to pay any amount of principal or interest on the bonds which remain unpaid after the final scheduled payment date.

## Joint Ventures

### Metropolitan Refuse District, Inc.

The Village of Shorewood Hills and the City of Middleton and the Village of Waunakee jointly operate the sanitary landfill, which is called the Metropolitan Refuse District, Inc. (District) and provides the communities share in the operation of the District based on equalized values. The Village's share is 5.34%.

The governing body is made up of citizens from each community. Local representatives are appointed by the municipalities. The governing body has authority to adopt its own budget and control the financial affairs of the District. The Village is obligated by the joint venture agreement to remit an amount annually to the District. The Village made a payment to the District of \$10,200 in 2022.

# Village of Shorewood Hills

Notes to Financial Statements  
December 31, 2022

Financial information of the District as of December 31, 2022 is available directly from the District's office.

The equity interest is reported in the governmental activities column of the government-wide statement of net position. Changes in the equity interest are reported on the statement of activities.

The district reporting follows Governmental Accounting Standards Board Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs. The District's fund balance at December 31, 2022 is a deficit of \$641,358. Reporting standards require the village to report its share of the net deficit. The Village's proportionate share of the operations of the District is 5.34%, which amounts to \$34,227 of the District's net deficit. The Village's share of the net deficit has been reported as a noncurrent liability in the government-wide statements.

## Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Village is disclosing all abatement agreements individually.

The Village through its Tax Incremental Financing Districts (TIF) No. 3, 4 and 5 has entered into tax abatement agreements with a developers in the form of tax incremental financing incentive payments to stimulate economic development. The abatements are authorized through the TID project plans. The developers pay property taxes as they become due and after meeting the criteria established in the development agreements, are entitled to future incentive payments that directly correlate to the taxes paid.

<u>Agreement Description</u>	<u>Calculation Method</u>	<u>Developer Commitment</u>	<u>2022 Payments</u>
TID No. 3	Excess increment	Developer agreed to remove a blighted structure and build 54 apartments, 9 of which are designated affordable housing and 9,000 square feet of commercial space.	\$ 206,929
TID No. 3	Excess increment	Developer agreed to remove a blighted structure and build 38 apartments and approximately 11,700 square feet of commercial space.	55,849
TID No. 4	Excess increment	Developer agreed to remove a blighted structure and build 100 apartment units and a commercial development.	91,284
TID No. 5	Excess increment	Developer agreed to remove a blighted structure and build 94 apartments, 8 of which are designated affordable housing.	148,026

## Village of Shorewood Hills

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Notes to Financial Statements  
December 31, 2022

### Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## Village of Shorewood Hills

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
<b>Taxes</b>			
Property	<u>\$ 2,955,256</u>	<u>\$ 2,957,959</u>	<u>\$ 2,703</u>
<b>Intergovernmental</b>			
State shared revenues	29,886	26,753	(3,133)
Fire insurance tax (2% fire dues)	22,000	21,953	(47)
State aid, exempt computer	19,000	21,188	2,188
State aid, law enforcement	3,600	3,627	27
State aid, road allotment	283,828	283,042	(786)
State aid, recycling	<u>15,000</u>	<u>14,926</u>	<u>(74)</u>
Total intergovernmental	<u>373,314</u>	<u>371,489</u>	<u>(1,825)</u>
<b>Licenses and Permits</b>			
Business and occupational licenses	2,000	2,215	215
Liquor and malt beverage licenses	5,215	5,480	265
Cable television franchise fees	26,930	20,236	(6,694)
Other nonbusiness licenses	3,100	3,711	611
Building permits	65,525	41,995	(23,530)
Zoning permits and fees	<u>1,050</u>	<u>900</u>	<u>(150)</u>
Total licenses and permits	<u>103,820</u>	<u>74,537</u>	<u>(29,283)</u>
<b>Fines, Forfeitures and Penalties</b>			
Court penalties and costs	20,000	22,242	2,242
Parking violations	<u>25,000</u>	<u>16,730</u>	<u>(8,270)</u>
Total fines, forfeitures and penalties	<u>45,000</u>	<u>38,972</u>	<u>(6,028)</u>
<b>Public Charges for Services</b>			
Clerk's fees	1,135	187	(948)
Publication fees	-	60	60
Law enforcement fees	650	601	(49)
Parks	3,325	4,648	1,323
Recreation, four corners	20,000	20,731	731
Recreation, tennis	40,000	47,200	7,200
Recreation, basketball	4,000	5,040	1,040
Recreation, golf	5,000	8,584	3,584
Recreation, land	26,000	21,675	(4,325)
Recreation, soccer	12,000	14,784	2,784
Recreation, kayak/canoe	900	595	(305)
Recreation, surcharges	<u>6,000</u>	<u>11,432</u>	<u>5,432</u>
Total public charges for services	<u>119,010</u>	<u>135,537</u>	<u>16,527</u>
<b>Investment Income</b>			
Interest on investments	<u>7,000</u>	<u>184,618</u>	<u>177,618</u>

See notes to required supplementary information



## Village of Shorewood Hills

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Miscellaneous</b>			
Rent	\$ 140,000	\$ 91,731	\$ (48,269)
Insurance recoveries	-	9,228	9,228
Donations	2,000	451	(1,549)
Developer share of Madison Fire expense	55,600	54,023	(1,577)
Reimbursement for services, utilities	36,547	36,547	-
Reimbursement for services, waterfront	18,439	18,439	-
Other miscellaneous	48,000	20,637	(27,363)
	<u>300,586</u>	<u>231,056</u>	<u>(69,530)</u>
Total miscellaneous			
	<u>300,586</u>	<u>231,056</u>	<u>(69,530)</u>
Total revenues	<u>3,903,986</u>	<u>3,994,168</u>	<u>90,182</u>
<b>Expenditures</b>			
<b>General Government</b>			
Village board	10,000	9,652	348
Committees	-	110	(110)
Judicial	32,958	32,120	838
Legal	39,000	68,322	(29,322)
Administrator	133,304	183,141	(49,837)
Clerk	131,859	113,846	18,013
Personnel	95,650	102,052	(6,402)
Elections	8,240	8,455	(215)
Data processing	61,722	67,832	(6,110)
Finance	25,261	19,275	5,986
Assessment of property	18,350	28,045	(9,695)
Risk and property management	69,500	62,131	7,369
Buildings and plant	82,200	87,491	(5,291)
Village hall	6,508	10,427	(3,919)
	<u>714,552</u>	<u>792,899</u>	<u>(78,347)</u>
Total general government			
	<u>714,552</u>	<u>792,899</u>	<u>(78,347)</u>
<b>Public Safety</b>			
Police	889,752	879,081	10,671
Fire protection	632,345	632,298	47
Inspection	33,173	26,787	6,386
Dispatch	8,000	7,748	252
	<u>1,563,270</u>	<u>1,545,914</u>	<u>17,356</u>
Total public safety			
	<u>1,563,270</u>	<u>1,545,914</u>	<u>17,356</u>
<b>Public Works</b>			
Public works department, aidable	94,224	106,025	(11,801)
Public works department, nonaidable	147,463	142,871	4,592
Garage	29,000	38,979	(9,979)
Street lighting	22,200	17,500	4,700
Storm sewer maintenance	257	6,468	(6,211)
Bus service, disabled	30,000	30,000	-
Refuse and garbage collection	104,158	117,732	(13,574)
Landfill	10,290	10,200	90
Leaf collection	62,991	47,382	15,609
	<u>500,583</u>	<u>517,157</u>	<u>(16,574)</u>
Total public works			
	<u>500,583</u>	<u>517,157</u>	<u>(16,574)</u>

See notes to required supplementary information

## Village of Shorewood Hills

Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual - General Fund  
Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Culture, Education and Recreation</b>			
Community center	\$ 6,250	\$ 7,507	\$ (1,257)
Parks	117,569	78,263	39,306
Special events	1,600	725	875
Recreation, four corners	15,000	22,098	(7,098)
Recreation, tennis	30,600	51,240	(20,640)
Recreation, basketball	3,650	704	2,946
Recreation, golf	4,500	9,354	(4,854)
Recreation, land	15,000	23,083	(8,083)
Recreation, soccer	6,250	14,149	(7,899)
Ice arenas	-	416	(416)
	<u>200,419</u>	<u>207,539</u>	<u>(7,120)</u>
<b>Conservation and Development</b>			
Forestry	76,000	74,669	1,331
Planning	6,500	1,719	4,781
Zoning	-	726	(726)
	<u>82,500</u>	<u>77,114</u>	<u>5,386</u>
<b>Capital Outlay</b>			
General administration	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	<u>3,066,324</u>	<u>3,140,623</u>	<u>(74,299)</u>
	<u>837,662</u>	<u>853,545</u>	<u>15,883</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	194,762	188,992	(5,770)
Transfers out	<u>(1,032,424)</u>	<u>(1,010,204)</u>	<u>22,220</u>
	<u>(837,662)</u>	<u>(821,212)</u>	<u>16,450</u>
	-	32,333	32,333
<b>Fund Balance, Beginning</b>	<u>992,443</u>	<u>992,443</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 992,443</u>	<u>\$ 1,024,776</u>	<u>\$ 32,333</u>

See notes to required supplementary information

## Village of Shorewood Hills

Detailed Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Swimming Pool

Year Ended December 31, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
<b>Revenues</b>			
<b>Public Charges for Services</b>			
Membership fees	\$ 510,000	\$ 624,361	\$ 114,361
Team register fees	30,000	405	(29,595)
Daily admissions	19,500	12,611	(6,889)
Noah's Ark Admissions	-	8,078	8,078
Concession sales	30,500	42,225	11,725
Rent private clubs	<u>25,000</u>	<u>12,625</u>	<u>(12,375)</u>
Total public charges for services	<u>615,000</u>	<u>700,305</u>	<u>85,305</u>
<b>Miscellaneous</b>			
Donations	<u>-</u>	<u>1,269</u>	<u>1,269</u>
Total miscellaneous	<u>-</u>	<u>1,269</u>	<u>1,269</u>
Total revenues	<u>615,000</u>	<u>701,574</u>	<u>86,574</u>
<b>Expenditures</b>			
<b>Culture, Education and Recreation</b>			
Administrative support	44,396	58,270	(13,874)
Insurance	3,495	3,600	(105)
Staff	279,350	313,802	(34,452)
Repair and maintenance	129,650	103,783	25,867
Other operating expenditures	<u>140,600</u>	<u>160,942</u>	<u>(20,342)</u>
Total culture, education and recreation	<u>597,491</u>	<u>640,397</u>	<u>(42,906)</u>
<b>Capital Outlay</b>			
Culture, education and recreation	<u>10,000</u>	<u>73</u>	<u>9,927</u>
Total expenditures	<u>607,491</u>	<u>640,470</u>	<u>(32,979)</u>
Excess of revenues over expenditures	7,509	61,104	53,595
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(6,700)</u>	<u>(6,800)</u>	<u>(100)</u>
Net change in fund balance	809	54,304	53,495
<b>Fund Balance, Beginning</b>	<u>273,258</u>	<u>273,258</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 274,067</u>	<u>\$ 327,562</u>	<u>\$ 53,495</u>

See notes to the required supplementary information

## Village of Shorewood Hills

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System  
Year Ended December 31, 2022

<b>Village Fiscal Year Ending</b>	<b>Proportion of the Net Pension Liability (Asset)</b>	<b>Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
12/31/22	0.00938337%	\$ (756,316)	\$ 1,230,890	61.44%	106.02%
12/31/21	0.00965968%	(603,067)	1,221,830	49.36%	105.26%
12/31/20	0.00978461%	(315,500)	1,248,018	25.28%	102.96%
12/31/19	0.00967397%	344,169	1,253,582	27.45%	96.45%
12/31/18	0.00947020%	(281,181)	1,202,624	23.38%	102.93%
12/31/17	0.00974032%	80,283	1,152,310	6.97%	99.12%
12/31/16	0.01027825%	167,020	1,184,084	14.11%	98.20%
12/31/15	0.01069970%	(262,814)	1,229,578	21.37%	102.74%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2022

<b>Village Fiscal Year Ending</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
12/31/22	\$ 106,216	\$ 106,216	\$ -	\$ 1,178,616	9.01%
12/31/21	108,109	108,109	-	1,231,047	8.78%
12/31/20	84,525	84,525	-	1,221,830	6.92%
12/31/19	101,169	101,169	-	1,248,019	8.11%
12/31/18	104,361	104,361	-	1,255,993	8.31%
12/31/17	98,797	98,797	-	1,202,624	8.22%
12/31/16	86,650	86,650	-	1,097,438	7.90%
12/31/15	92,261	92,261	-	1,179,169	7.82%

See notes to required supplementary information

## Village of Shorewood Hills

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Notes to Required Supplementary Information  
Year Ended December 31, 2022

### Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

The budgeted amounts presented are as presented in the original budget and no amendments were adopted during the year. The Village administrator may authorize transfer of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds board action.

Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgets are adopted at the department level of expenditure.

### Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end and occurred within the fiscal year.

The Village is required to present the last ten years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Wisconsin Retirement System.

*Changes in assumptions.* Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

**SUPPLEMENTARY INFORMATION**

# Village of Shorewood Hills

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2022

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Waterfront</u>	<u>Donation Fund</u>	<u>ARPA Fund</u>	
<b>Assets</b>				
Cash and investments	\$ 70,373	\$ 11,590	\$ 209,442	\$ 291,405
Receivables:				
Customer accounts	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 70,423</u>	<u>\$ 11,590</u>	<u>\$ 209,442</u>	<u>\$ 291,455</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 91	\$ -	\$ -	\$ 91
Deposits	1,860	-	-	1,860
Unearned revenues	<u>-</u>	<u>-</u>	<u>209,442</u>	<u>209,442</u>
Total liabilities	<u>1,951</u>	<u>-</u>	<u>209,442</u>	<u>211,393</u>
<b>Fund Balances</b>				
Restricted	-	11,590	-	11,590
Committed	<u>68,472</u>	<u>-</u>	<u>-</u>	<u>68,472</u>
Total fund balances	<u>68,472</u>	<u>11,590</u>	<u>-</u>	<u>80,062</u>
Total liabilities and fund balances	<u>\$ 70,423</u>	<u>\$ 11,590</u>	<u>\$ 209,442</u>	<u>\$ 291,455</u>

## Village of Shorewood Hills

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended December 31, 2022

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Waterfront</u>	<u>Donation Fund</u>	<u>ARPA Fund</u>	
<b>Revenues</b>				
Public charges for services	\$ 76,239	\$ -	\$ -	\$ 76,239
Miscellaneous revenues	1,342	11,390	-	12,732
	<u>77,581</u>	<u>11,390</u>	<u>-</u>	<u>88,971</u>
<b>Expenditures</b>				
Current:				
Culture, recreation and education	65,156	-	-	65,156
Conservation and development	-	11,591	-	11,591
	<u>65,156</u>	<u>11,591</u>	<u>-</u>	<u>76,747</u>
Net change in fund balances	12,425	(201)	-	12,224
<b>Fund Balances, Beginning</b>	<u>56,047</u>	<u>11,791</u>	<u>-</u>	<u>67,838</u>
<b>Fund Balances, Ending</b>	<u>\$ 68,472</u>	<u>\$ 11,590</u>	<u>\$ -</u>	<u>\$ 80,062</u>