

Village of Shorewood Hills

Financial Statements and
Supplementary Information

December 31, 2021

Village of Shorewood Hills

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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, 2021, 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, 2021 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.

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 financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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
May 19, 2022

Village of Shorewood Hills

Management's Discussion and Analysis
December 31, 2021
(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, 2021. 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 \$6,765,582. Of this amount, (\$1,920,179) is considered unrestricted net position (deficit) and \$7,223,858 is net investment in capital assets. The remainder is restricted.
- The Village's total net position increased \$2,072,548. Governmental activities net position increased by \$1,846,383 and business-type activities net position increased by \$226,165.
- On December 31, 2021, the Village's governmental funds reported combined fund balances of \$2,415,064, a decrease of \$570,275 from 2020.

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

Management's Discussion and Analysis
December 31, 2021
(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 except for the Donation fund and the ARPA fund, which were created in 2020 and 2021, respectively.

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, 2021
(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*	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 7,903,622	\$ 8,110,692	\$ 43,284	\$ 205,112	\$ 7,946,906	\$ 8,315,804
Capital assets	11,525,963	10,914,397	5,646,505	5,772,388	17,172,468	16,686,785
Total assets	19,429,585	19,025,089	5,689,789	5,977,500	25,119,374	25,002,589
Deferred outflows of resources	950,253	697,101	89,109	71,946	1,039,362	769,047
Long-term debt outstanding	11,377,550	13,026,725	1,666,790	1,876,799	13,044,340	14,903,524
Other liabilities	411,537	289,850	91,853	407,613	503,390	697,463
Total liabilities	11,789,087	13,316,575	1,758,643	2,284,412	13,547,730	15,600,987
Deferred inflows of resources	5,745,538	5,406,785	99,886	70,830	5,845,424	5,477,615
Net investment in capital assets	4,174,375	3,100,333	3,996,237	3,915,582	7,223,858	5,965,171
Restricted	1,415,570	1,195,891	46,333	21,558	1,461,903	1,217,449
Unrestricted (deficit)	(2,744,732)	(3,297,394)	(122,201)	(242,936)	(1,920,179)	(2,489,586)
Total net position	\$ 2,845,213	\$ 998,830	\$ 3,920,369	\$ 3,694,204	\$ 6,765,582	\$ 4,693,034

* 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
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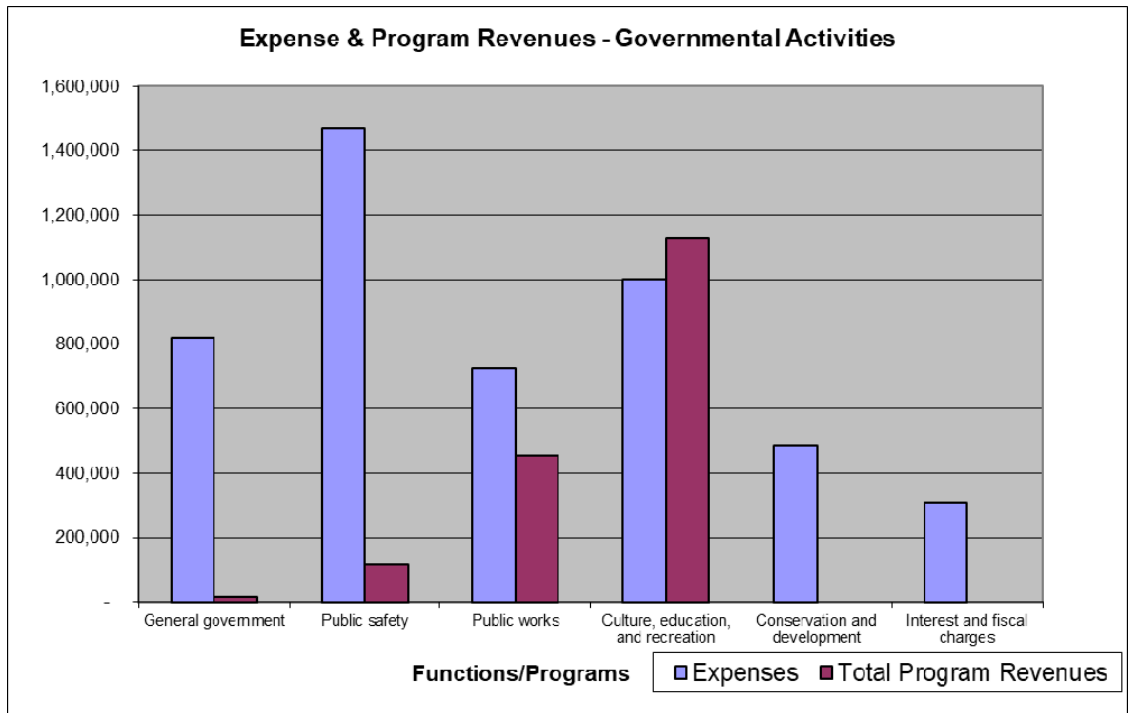
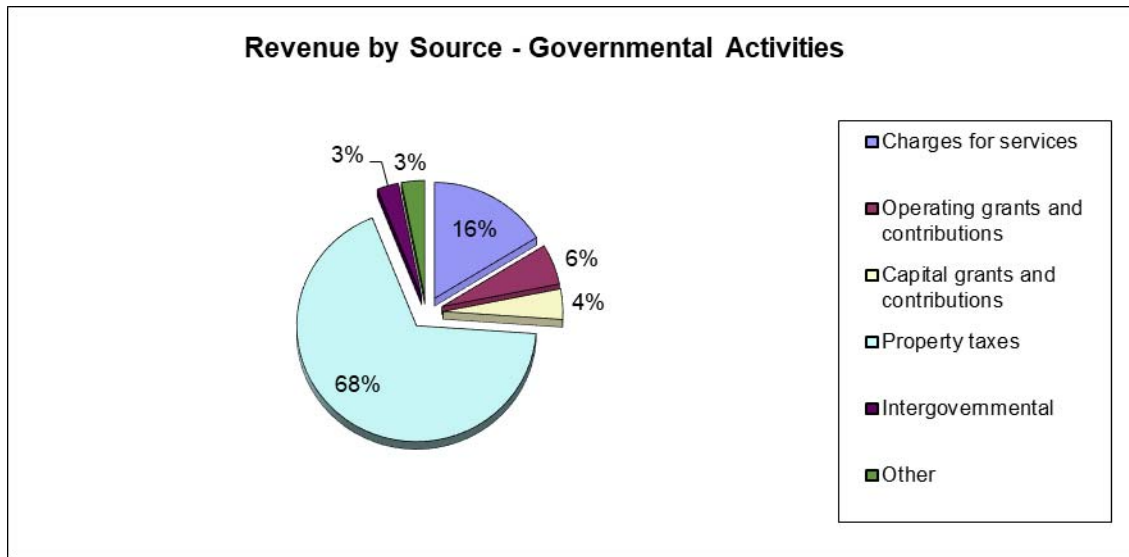
Table 2
Condensed Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 1,069,549	\$ 243,717	\$ 1,165,071	\$ 1,159,701	\$ 2,234,620	\$ 1,403,418
Operating grants and contributions	372,781	386,435	-	16,611	372,781	403,046
Capital grants and contributions	278,775	254,775	18,000	39,678	296,775	294,453
General revenues:						
Property taxes	4,478,214	4,318,812	-	-	4,478,214	4,318,812
Intergovernmental	191,676	186,152	-	-	191,676	186,152
Other	205,858	350,405	-	-	205,858	350,405
Total revenues	<u>6,596,853</u>	<u>5,740,296</u>	<u>1,183,071</u>	<u>1,215,990</u>	<u>7,779,924</u>	<u>6,956,286</u>
Expenses						
General government	819,954	1,391,553	-	-	819,954	1,391,553
Public safety	1,469,211	1,559,937	-	-	1,469,211	1,559,937
Public works	725,716	924,306	-	-	725,716	924,306
Culture/recreation/education	1,001,747	330,462	-	-	1,001,747	330,462
Conservation and development	486,112	183,655	-	-	486,112	183,655
Water	-	-	416,107	438,690	416,107	438,690
Sewer	-	-	342,328	316,890	342,328	316,890
Stormwater	-	-	138,276	217,074	138,276	217,074
Interest and fiscal charges	307,925	334,324	-	-	307,925	334,324
Total expenses	<u>4,810,665</u>	<u>4,724,237</u>	<u>896,711</u>	<u>972,654</u>	<u>5,707,376</u>	<u>5,696,891</u>
Income before transfers	<u>1,786,188</u>	<u>1,016,059</u>	<u>286,360</u>	<u>243,336</u>	<u>2,072,548</u>	<u>1,259,395</u>
Transfers	<u>60,195</u>	<u>61,146</u>	<u>(60,195)</u>	<u>(61,146)</u>	<u>-</u>	<u>-</u>
Changes in net position	1,846,383	1,077,205	226,165	182,190	2,072,548	1,259,395
Beginning Net Position (Deficit)	<u>998,830</u>	<u>(78,375)</u>	<u>3,694,204</u>	<u>3,512,014</u>	<u>4,693,034</u>	<u>3,433,639</u>
Ending Net Position	<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>

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As previously noted, the Statement of Net Position shows the change in financial position of 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 \$1,846,383. This increase is a result of an increase in program revenues within public safety, and culture, education and recreation, in addition to an increase in property taxes.

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Business-Type Activities

Business-type activities increased the Village's net position by \$226,165. This increase is primarily a result of the following items:

- The water utility had an increase in net position of \$139,919. Operating income for the water utility was \$210,663. The nonoperating expenses, net of revenues, were \$28,549. In addition, there were transfers out of \$60,195 and a capital contribution of \$18,000.
- The sewer utility had an increase in net position of \$17,971. This was due to an operating income of \$25,556. The nonoperating expenses, net of revenues, were \$7,585.
- The stormwater utility had an increase in net position of \$68,275. This was due to an operating income of \$78,538. The nonoperating expenses, net of revenues, were \$10,263.

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 \$31,757. Income before transfers was \$862,879.

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 2021, unassigned fund balance is \$902,703 and the general fund expenditure budget was \$4,135,286, resulting in an unassigned fund balance of 21.8 percent.

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 \$273,258, which is an increase of \$86,119 from the prior year. The swimming pool was closed to the public during 2020 due to the COVID-19 pandemic and reopened in 2021.

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 \$19,896, which is an increase of \$2 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 \$233,537, which is a decrease of \$390,171 from the prior year. The Heiden Haus renovation project was a significant project expended in the current year.

Village of Shorewood Hills

Management's Discussion and Analysis
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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 \$491,066, which is a decrease of \$195,128 from the prior year. Capital improvements related to University Ave continued through the year.

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 \$328,730, which is an increase of \$8,154 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 \$8,296, which is an increase of \$1,019 from the prior year.

Nonmajor Governmental Fund - Waterfront

Fund balance for the nonmajor governmental fund, Waterfront, is \$56,047, which is a decrease of \$8,560 from the prior year.

Nonmajor Governmental Fund – Donation

Fund balance for the nonmajor governmental fund, Donation, is \$11,791, which is a decrease of \$103,467 from the prior year. The fund had transfers of \$324,384 to help cover Heiden Haus expenditures.

Nonmajor Governmental Fund – ARPA

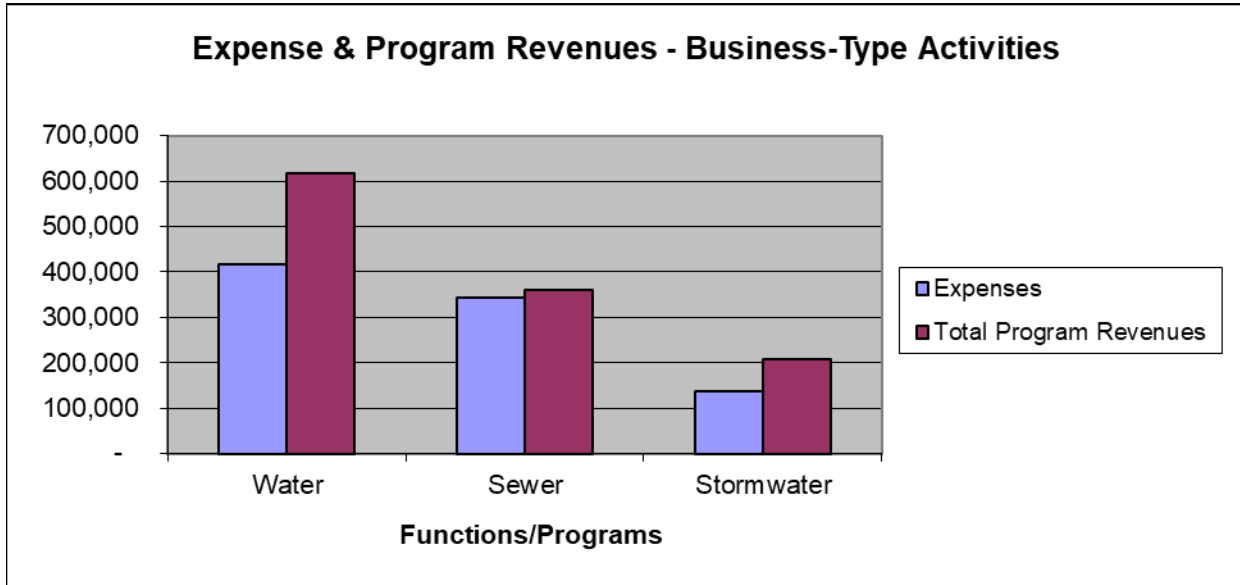
The ARPA fund was created in 2021 and does not have a fund balance as of year-end. The grant received is held in unearned revenue (liability).

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.

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Management's Discussion and Analysis
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General Fund Budgetary Highlights

The original General Fund budget had total revenues and other sources of approximately \$4,043,571; and total appropriations of approximately \$4,035,286. The budget was not amended during the year.

Total revenues and other sources were \$4,038,893, which was \$104,678 less than the budget. This was primarily due to a portion of the current year property taxes were paid directly to the capital improvement fund.

Actual expenditures and other uses were \$4,007,136 which was \$28,150 less than budget. This was primarily due to expenditure reductions in public works.

Capital Assets

At the end of 2021, the Village had invested a total of \$17,172,468 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	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,991,523	\$ 1,971,448	\$ 11,512	\$ 11,512	\$ 2,003,035	\$ 1,982,960
Land improvements	1,122,475	1,122,475	-	-	1,122,475	1,122,475
Construction in progress	1,074,249	142,445	-	-	1,074,249	142,445
Buildings	3,292,682	3,292,682	-	-	3,292,682	3,292,682
Machinery and equipment	2,400,056	2,372,104	-	-	2,400,056	2,372,104
Infrastructure	6,240,872	6,240,872	-	-	6,240,872	6,240,872
Intangibles	71,480	71,480	-	-	71,480	71,480
Utility plant	-	-	7,496,433	7,475,181	7,496,433	7,475,181
Total capital assets	16,193,337	15,213,506	7,507,945	7,486,693	23,701,282	22,700,199
Less accumulated depreciation	(4,667,374)	(4,299,109)	(1,861,440)	(1,714,305)	(6,528,814)	(6,013,414)
Total capital assets	<u>\$ 11,525,963</u>	<u>\$ 10,914,397</u>	<u>\$ 5,646,505</u>	<u>\$ 5,772,388</u>	<u>\$ 17,172,468</u>	<u>\$ 16,686,785</u>

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

Long-Term Debt

At December 31, 2021, the Village had \$12,425,000 of general obligation long-term notes and bonds outstanding.

Total long-term notes and bonds outstanding at December 31, 2021 decreased by \$1,715,000. This was due to annual debt payments and no long-term debt issuance in the current year.

Village of Shorewood Hills

Management's Discussion and Analysis
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(Unaudited)

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, 2021 was \$33,629,270. Total general obligation debt outstanding at year-end was \$12,425,000. Therefore, the Village was at 36.9 percent of its legal debt limit.

Table 4
Long-term Debt

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation debt	<u>\$ 10,799,624</u>	<u>\$ 12,310,828</u>	<u>\$ 1,625,376</u>	<u>\$ 1,829,172</u>	<u>\$ 12,425,000</u>	<u>\$ 14,140,000</u>

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

Currently Known Facts/Economic Conditions

On April 6, 2022, the Village issued note anticipation notes in the amount of \$6,250,000 with an interest rate of 1.01 percent. The proceeds will be used for capital projects including general capital improvements, planned construction to University Avenue, and TID No. 3 projects. The notes are anticipated to be paid off on July 6, 2022, with the 2022 general obligation refunding bonds issued on May 2, 2022.

On May 2, 2022, the Village issued general obligation refunding bonds in the amount of \$6,080,000 with an interest rate of 3.00 - 5.00 percent.

All other currently known facts and economic conditions were considered in preparing the 2022 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, 2021

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 2,569,729	\$ 35,893	\$ 2,605,622
Receivables:			
Taxes receivable	4,471,000	-	4,471,000
Accounts	131,538	87,637	219,175
Delinquent personal property taxes	5,699	-	5,699
Internal balances	137,569	(137,569)	-
Prepaid items	31,353	10,990	42,343
Restricted asset:			
Net pension asset	556,734	46,333	603,067
Capital assets:			
Land	1,991,523	11,512	2,003,035
Construction in progress	1,074,249	-	1,074,249
Other capital assets, net of depreciation	<u>8,460,191</u>	<u>5,634,993</u>	<u>14,095,184</u>
Total assets	<u>19,429,585</u>	<u>5,689,789</u>	<u>25,119,374</u>
Deferred Outflows of Resources			
Pension related amounts	924,048	72,587	996,635
Loss on refunding	<u>26,205</u>	<u>16,522</u>	<u>42,727</u>
Total deferred outflows of resources	<u>950,253</u>	<u>89,109</u>	<u>1,039,362</u>
Liabilities, Deferred inflows of Resources and Net Position			
Liabilities			
Accounts payable and accrued expenses	305,456	91,853	397,309
Deposits	1,360	-	1,360
Unearned revenues	104,721	-	104,721
Noncurrent liabilities:			
Due within one year	1,688,208	206,728	1,894,936
Due in more than one year	<u>9,689,342</u>	<u>1,460,062</u>	<u>11,149,404</u>
Total liabilities	<u>11,789,087</u>	<u>1,758,643</u>	<u>13,547,730</u>
Deferred Inflows of Resources			
Unearned revenues	4,520,963	-	4,520,963
Pension related amounts	<u>1,224,575</u>	<u>99,886</u>	<u>1,324,461</u>
Total deferred inflows of resources	<u>5,745,538</u>	<u>99,886</u>	<u>5,845,424</u>
Net Position			
Net investment in capital assets	4,174,375	3,996,237	7,223,858
Restricted for:			
Debt service	19,220	-	19,220
TIF projects	839,616	-	839,616
Pension	556,734	46,333	603,067
Unrestricted (deficit)	<u>(2,744,732)</u>	<u>(122,201)</u>	<u>(1,920,179)</u>
Total net position	<u>\$ 2,845,213</u>	<u>\$ 3,920,369</u>	<u>\$ 6,765,582</u>

See notes to financial statements

Village of Shorewood Hills

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 819,954	\$ 16,558	\$ -	\$ -	\$ (803,396)	\$ -	\$ (803,396)
Public safety	1,469,211	91,189	26,820	-	(1,351,202)	-	(1,351,202)
Public works	725,716	67,388	321,578	66,348	(270,402)	-	(270,402)
Culture, education and recreation	1,001,747	894,414	24,383	212,427	129,477	-	129,477
Conservation and development	486,112	-	-	-	(486,112)	-	(486,112)
Interest and fiscal charges	<u>307,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(307,925)</u>	<u>-</u>	<u>(307,925)</u>
Total governmental activities	<u>4,810,665</u>	<u>1,069,549</u>	<u>372,781</u>	<u>278,775</u>	<u>(3,089,560)</u>	<u>-</u>	<u>(3,089,560)</u>
Business-type activities:							
Water	416,107	598,221	-	18,000	-	200,114	200,114
Sewer	342,328	360,299	-	-	-	17,971	17,971
Stormwater	<u>138,276</u>	<u>206,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,275</u>	<u>68,275</u>
Total business-type activities	<u>896,711</u>	<u>1,165,071</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>286,360</u>	<u>286,360</u>
Total	<u>\$ 5,707,376</u>	<u>\$ 2,234,620</u>	<u>\$ 372,781</u>	<u>\$ 296,775</u>	<u>(3,089,560)</u>	<u>286,360</u>	<u>(2,803,200)</u>
General Revenues							
Taxes:							
Property taxes, levied for general purposes					2,917,776	-	2,917,776
Property taxes, levied for TIF districts					1,460,438	-	1,460,438
Property taxes, levied for capital purposes					100,000	-	100,000
Intergovernmental revenues not restricted to specific programs					191,676	-	191,676
Investment income					5,341	-	5,341
Miscellaneous					<u>200,517</u>	<u>-</u>	<u>200,517</u>
Total general revenues					<u>4,875,748</u>	<u>-</u>	<u>4,875,748</u>
Transfers					<u>60,195</u>	<u>(60,195)</u>	<u>-</u>
Change in net position					1,846,383	226,165	2,072,548
Net Position, Beginning					<u>998,830</u>	<u>3,694,204</u>	<u>4,693,034</u>
Net Position, Ending					<u>\$ 2,845,213</u>	<u>\$ 3,920,369</u>	<u>\$ 6,765,582</u>

See notes to financial statements

Village of Shorewood Hills

Balance Sheet
Governmental Funds
December 31, 2021

	<u>General</u>	<u>Swimming Pool</u>	<u>Debt Service</u>	<u>Capital Improvement Fund</u>
Assets				
Cash and investments	\$ 1,052,639	\$ 275,070	\$ 19,896	\$ 192,890
Receivables:				
Taxes	2,959,316	-	-	-
Delinquent personal property taxes	5,699	-	-	-
Accounts	54,603	-	59,587	-
Advances to other funds	-	-	-	141,526
Prepaid items	<u>31,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,103,610</u>	<u>\$ 275,070</u>	<u>\$ 79,483</u>	<u>\$ 334,416</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 44,354	\$ -	\$ -	\$ 100,879
Accrued liabilities	53,577	1,812	-	-
Due to other funds	3,957	-	-	-
Unearned revenues	-	-	-	-
Deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>101,888</u>	<u>1,812</u>	<u>-</u>	<u>100,879</u>
Deferred Inflows of Resources				
Unearned revenues	3,009,279	-	-	-
Unavailable revenues	<u>-</u>	<u>-</u>	<u>59,587</u>	<u>-</u>
Total deferred inflows of resources	<u>3,009,279</u>	<u>-</u>	<u>59,587</u>	<u>-</u>
Fund Balances				
Nonspendable	37,052	-	-	141,526
Restricted	-	-	19,896	-
Committed	-	273,258	-	-
Assigned	52,688	-	-	92,011
Unassigned	<u>902,703</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>992,443</u>	<u>273,258</u>	<u>19,896</u>	<u>233,537</u>
Total liabilities, deferred Inflows of resources and fund balances	<u>\$ 4,103,610</u>	<u>\$ 275,070</u>	<u>\$ 79,483</u>	<u>\$ 334,416</u>

See notes to financial statements

Tax Incremental District No. 3	Tax Incremental District No. 4	Tax Incremental District No. 5	Nonmajor Governmental Funds	Total
\$ 516,423	\$ 330,001	\$ 8,296	\$ 174,514	\$ 2,569,729
1,036,397	302,515	172,772	-	4,471,000
-	-	-	-	5,699
17,298	-	-	50	131,538
-	-	-	-	141,526
-	-	-	-	31,353
<u>\$ 1,570,118</u>	<u>\$ 632,516</u>	<u>\$ 181,068</u>	<u>\$ 174,564</u>	<u>\$ 7,350,845</u>

\$ 41,084	\$ -	\$ -	\$ 13	\$ 186,330
1,571	1,271	-	632	58,863
-	-	-	-	3,957
-	-	-	104,721	104,721
-	-	-	1,360	1,360
<u>42,655</u>	<u>1,271</u>	<u>-</u>	<u>106,726</u>	<u>355,231</u>

1,036,397	302,515	172,772	-	4,520,963
-	-	-	-	59,587
<u>1,036,397</u>	<u>302,515</u>	<u>172,772</u>	<u>-</u>	<u>4,580,550</u>

-	-	-	-	178,578
491,066	328,730	8,296	11,791	859,779
-	-	-	56,047	329,305
-	-	-	-	144,699
-	-	-	-	902,703
<u>491,066</u>	<u>328,730</u>	<u>8,296</u>	<u>67,838</u>	<u>2,415,064</u>
<u>\$ 1,570,118</u>	<u>\$ 632,516</u>	<u>\$ 181,068</u>	<u>\$ 174,564</u>	<u>\$ 7,350,845</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, 2021

Total Fund Balances, Governmental Funds \$ 2,415,064

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	1,074,249
Other capital assets	13,127,565
Less accumulated depreciation	(4,667,374)

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. 59,587

The net pension asset does not relate to current financial resources and is not reported in the governmental funds. 556,734

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. 924,048

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. (1,224,575)

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	(10,799,624)
Compensated absences	(330,062)
Accrued interest	(60,263)
Unamortized debt premium on debt issuance	(205,884)
Village share of landfill district deficit	(41,980)

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. 26,205

Net Position of Governmental Activities \$ 2,845,213

Village of Shorewood Hills

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended December 31, 2021

	<u>General</u>	<u>Swimming Pool</u>	<u>Debt Service</u>	<u>Capital Improvement Fund</u>
Revenues				
Taxes	\$ 2,917,836	\$ -	\$ -	\$ 100,000
Intergovernmental	404,478	-	-	-
Licenses and permits	91,424	-	-	-
Fines, forfeitures and penalties	35,985	-	-	-
Public charges for services	137,556	645,290	-	-
Investment income	4,110	-	1,171	-
Miscellaneous revenues	<u>287,309</u>	<u>4,183</u>	<u>14,249</u>	<u>-</u>
Total revenues	<u>3,878,698</u>	<u>649,473</u>	<u>15,420</u>	<u>100,000</u>
Expenditures				
Current:				
General government	719,610	-	-	-
Public safety	1,510,058	-	-	-
Public works	478,263	-	-	-
Culture, recreation and education	280,694	546,060	-	-
Conservation and development	23,961	-	-	-
Capital outlay	3,233	5,338	-	714,085
Debt service:				
Principal	-	-	871,662	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>147,029</u>	<u>470</u>
Total expenditures	<u>3,015,819</u>	<u>551,398</u>	<u>1,018,691</u>	<u>714,555</u>
Excess (deficiency) of revenues over expenditures	<u>862,879</u>	<u>98,075</u>	<u>(1,003,271)</u>	<u>(614,555)</u>
Other Financing Sources (Uses)				
Transfers in	160,195	-	1,003,273	324,384
Transfers out	<u>(991,317)</u>	<u>(11,956)</u>	<u>-</u>	<u>(100,000)</u>
Total other financing sources (uses)	<u>(831,122)</u>	<u>(11,956)</u>	<u>1,003,273</u>	<u>224,384</u>
Net change in fund balances	31,757	86,119	2	(390,171)
Fund Balances, Beginning	<u>960,686</u>	<u>187,139</u>	<u>19,894</u>	<u>623,708</u>
Fund Balances, Ending	<u><u>\$ 992,443</u></u>	<u><u>\$ 273,258</u></u>	<u><u>\$ 19,896</u></u>	<u><u>\$ 233,537</u></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>
\$ 999,132	\$ 295,047	\$ 166,259	\$ -	\$ 4,478,274
135,470	126	-	-	540,074
-	-	-	-	91,424
-	-	-	-	35,985
-	-	-	71,078	853,924
-	-	-	-	5,281
<u>66,348</u>	<u>-</u>	<u>-</u>	<u>237,364</u>	<u>609,453</u>
<u>1,200,950</u>	<u>295,173</u>	<u>166,259</u>	<u>308,442</u>	<u>6,614,415</u>
-	-	-	-	719,610
-	-	-	-	1,510,058
-	-	-	-	478,263
-	-	-	80,192	906,946
314,246	140,612	165,240	15,893	659,952
395,749	-	-	-	1,118,405
530,021	109,521	-	-	1,511,204
<u>156,062</u>	<u>36,886</u>	<u>-</u>	<u>-</u>	<u>340,447</u>
<u>1,396,078</u>	<u>287,019</u>	<u>165,240</u>	<u>96,085</u>	<u>7,244,885</u>
<u>(195,128)</u>	<u>8,154</u>	<u>1,019</u>	<u>212,357</u>	<u>(630,470)</u>
-	-	-	-	1,487,852
<u>-</u>	<u>-</u>	<u>-</u>	<u>(324,384)</u>	<u>(1,427,657)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(324,384)</u>	<u>60,195</u>
(195,128)	8,154	1,019	(112,027)	(570,275)
<u>686,194</u>	<u>320,576</u>	<u>7,277</u>	<u>179,865</u>	<u>2,985,339</u>
<u>\$ 491,066</u>	<u>\$ 328,730</u>	<u>\$ 8,296</u>	<u>\$ 67,838</u>	<u>\$ 2,415,064</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, 2021

Net Change in Fund Balances, Total Governmental Funds \$ (570,275)

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	1,118,405
Some items reported as capital outlay were not capitalized	(14,364)
Depreciation is reported in the government-wide financial statements	(400,747)
Net book value of assets retired	(91,728)

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. (17,562)

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.

Principal repaid	1,511,204
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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.

Amortization of debt premium	34,579
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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	99,373
Accrued interest on debt	6,678
Amortization of deferred charge on refunding	(8,735)
Net pension asset/liability	262,792
Deferred outflows of resources related to pensions	261,887
Deferred inflows of resources related to pensions	(349,143)

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. 4,019

Change in Net Position of Governmental Activities \$ 1,846,383

Village of Shorewood Hills

Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Assets				
Current assets:				
Cash and investments	\$ -	\$ 29,927	\$ 5,966	\$ 35,893
Receivables:				
Accounts	44,927	27,437	15,273	87,637
Prepaid items	-	-	10,990	10,990
Due from other funds	<u>2,142</u>	<u>814</u>	<u>1,001</u>	<u>3,957</u>
Total current assets	<u>47,069</u>	<u>58,178</u>	<u>33,230</u>	<u>138,477</u>
Noncurrent assets:				
Restricted asset:				
Net pension asset	20,912	15,589	9,832	46,333
Capital assets:				
Land	11,512	-	-	11,512
Property and equipment	3,836,500	1,679,643	1,980,290	7,496,433
Less accumulated depreciation	<u>(991,058)</u>	<u>(542,196)</u>	<u>(328,186)</u>	<u>(1,861,440)</u>
Total noncurrent assets	<u>2,877,866</u>	<u>1,153,036</u>	<u>1,661,936</u>	<u>5,692,838</u>
Total assets	<u>2,924,935</u>	<u>1,211,214</u>	<u>1,695,166</u>	<u>5,831,315</u>
Deferred Outflows of Resources				
Pension related amounts	32,527	24,489	15,571	72,587
Deferred charge on refunding	<u>6,059</u>	<u>4,904</u>	<u>5,559</u>	<u>16,522</u>
Total deferred outflows of resources	<u>38,586</u>	<u>29,393</u>	<u>21,130</u>	<u>89,109</u>

See notes to financial statements

Village of Shorewood Hills

Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Liabilities				
Current liabilities:				
Accounts payable	\$ 26,235	\$ 49,262	\$ 607	\$ 76,104
Accrued interest	5,820	1,646	2,525	9,991
Accrued wages	2,553	1,533	1,672	5,758
Current portion of general obligation debt	<u>91,728</u>	<u>50,000</u>	<u>65,000</u>	<u>206,728</u>
Total current liabilities	<u>126,336</u>	<u>102,441</u>	<u>69,804</u>	<u>298,581</u>
Noncurrent liabilities:				
Long-term debt:				
General obligation debt, including unamortized premium	865,805	251,381	342,876	1,460,062
Advances from other funds	<u>141,526</u>	<u>-</u>	<u>-</u>	<u>141,526</u>
Total noncurrent liabilities	<u>1,007,331</u>	<u>251,381</u>	<u>342,876</u>	<u>1,601,588</u>
Total liabilities	<u>1,133,667</u>	<u>353,822</u>	<u>412,680</u>	<u>1,900,169</u>
Deferred Inflows of Resources				
Pension related amounts	<u>44,534</u>	<u>33,625</u>	<u>21,727</u>	<u>99,886</u>
Total deferred inflows of resources	<u>44,534</u>	<u>33,625</u>	<u>21,727</u>	<u>99,886</u>
Net Position				
Net investment in capital assets	1,905,480	840,970	1,249,787	3,996,237
Restricted for:				
Pension	20,912	15,589	9,832	46,333
Unrestricted (deficit)	<u>(141,072)</u>	<u>(3,399)</u>	<u>22,270</u>	<u>(122,201)</u>
Total net position	<u>\$ 1,785,320</u>	<u>\$ 853,160</u>	<u>\$ 1,281,889</u>	<u>\$ 3,920,369</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, 2021

	Business-Type Activities - Enterprise Funds			Total
	Water Utility	Sewer Utility	Stormwater Utility	
Operating Revenues				
Public charges for services	\$ 593,854	\$ 360,299	\$ 206,389	\$ 1,160,542
Other operating revenue	<u>4,367</u>	<u>-</u>	<u>162</u>	<u>4,529</u>
Total operating revenues	<u>598,221</u>	<u>360,299</u>	<u>206,551</u>	<u>1,165,071</u>
Operating Expenses				
Operation and maintenance	310,524	300,747	88,408	699,679
Depreciation	73,333	33,996	39,605	146,934
Taxes	<u>3,701</u>	<u>-</u>	<u>-</u>	<u>3,701</u>
Total operating expenses	<u>387,558</u>	<u>334,743</u>	<u>128,013</u>	<u>850,314</u>
Operating income	<u>210,663</u>	<u>25,556</u>	<u>78,538</u>	<u>314,757</u>
Nonoperating Revenues (Expenses)				
Interest and fiscal charges	(30,035)	(8,154)	(10,950)	(49,139)
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>(28,549)</u>	<u>(7,585)</u>	<u>(10,263)</u>	<u>(46,397)</u>
Income before contributions and transfers	<u>182,114</u>	<u>17,971</u>	<u>68,275</u>	<u>268,360</u>
Contributions and Transfers				
Contributions	18,000	-	-	18,000
Transfers out	<u>(60,195)</u>	<u>-</u>	<u>-</u>	<u>(60,195)</u>
Total contributions and transfers	<u>(42,195)</u>	<u>-</u>	<u>-</u>	<u>(42,195)</u>
Change in net position	139,919	17,971	68,275	226,165
Net Position, Beginning	<u>1,645,401</u>	<u>835,189</u>	<u>1,213,614</u>	<u>3,694,204</u>
Net Position, Ending	<u>\$ 1,785,320</u>	<u>\$ 853,160</u>	<u>\$ 1,281,889</u>	<u>\$ 3,920,369</u>

See notes to financial statements

Village of Shorewood Hills

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Cash Flows From Operating Activities				
Received from customers	\$ 601,989	\$ 361,235	\$ 224,195	\$ 1,187,419
Paid to suppliers for goods and services	(249,364)	(256,601)	(69,365)	(575,330)
Paid to employees for services	(64,612)	(46,186)	(55,481)	(166,279)
Net cash flows from operating activities	<u>288,013</u>	<u>58,448</u>	<u>99,349</u>	<u>445,810</u>
Cash Flows From Noncapital Financing Activities				
Paid to municipality for tax equivalent	(60,195)	-	-	(60,195)
Paid on long-term advances	(106,284)	-	(56,826)	(163,110)
Net cash flows from noncapital financing activities	<u>(166,479)</u>	<u>-</u>	<u>(56,826)</u>	<u>(223,305)</u>
Cash Flows From Capital and Related Financing Activities				
Debt retired	(83,796)	(55,000)	(65,000)	(203,796)
Interest paid	(30,379)	(8,379)	(11,235)	(49,993)
Contribution received for construction	-	-	39,678	39,678
Acquisition and construction of capital assets	(7,359)	-	-	(7,359)
Net cash flows from capital and related financing activities	<u>(121,534)</u>	<u>(63,379)</u>	<u>(36,557)</u>	<u>(221,470)</u>
Net change in cash and cash equivalents	-	(4,931)	5,966	1,035
Cash and Cash Equivalents, Beginning	<u>-</u>	<u>34,858</u>	<u>-</u>	<u>34,858</u>
Cash and Cash Equivalents, Ending	<u>\$ -</u>	<u>\$ 29,927</u>	<u>\$ 5,966</u>	<u>\$ 35,893</u>

See notes to financial statements

Village of Shorewood Hills

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Stormwater Utility	Total
Reconciliation of Operating Income to Net Cash Flows From Operating Activities				
Operating income	\$ 210,663	\$ 25,556	\$ 78,538	\$ 314,757
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	73,333	33,996	39,605	146,934
Depreciation charged to other funds	4,308	-	-	4,308
Changes in assets and liabilities:				
Accounts receivable	(540)	936	17,644	18,040
Accounts payable	7,061	3,257	(22,771)	(12,453)
Other current liabilities	529	169	869	1,567
Pension related deferrals and assets/liabilities	(7,341)	(5,466)	(3,546)	(16,353)
Prepaid items	-	-	(10,990)	(10,990)
Net cash flows from operating activities	<u>\$ 288,013</u>	<u>\$ 58,448</u>	<u>\$ 99,349</u>	<u>\$ 445,810</u>
Noncash Capital and Related Financing Activities				
Amortization of loss on refunding	<u>\$ 1,433</u>	<u>\$ 716</u>	<u>\$ 1,322</u>	
Capital contributions from customers	<u>\$ 18,000</u>	<u>\$ -</u>	<u>\$ -</u>	

See notes to financial statements

Village of Shorewood Hills

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2021

	<u>Custodial Fund Tax Collection Fund</u>
Assets	
Cash and investments	\$ 5,935,882
Tax roll receivable	<u>3,329,474</u>
Total assets	<u>9,265,356</u>
Liabilities	
Due to other governments	<u>9,265,356</u>
Total liabilities	<u>9,265,356</u>
Net Position	
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, 2021

	<u>Custodial Fund</u> <u>Tax Collection Fund</u>
Additions	
Tax collections	\$ <u>6,398,758</u>
Total additions	<u>6,398,758</u>
Deductions	
Tax distributions to other governments	<u>6,398,758</u>
Total deductions	<u>6,398,758</u>
Change in fiduciary net position	-
Net Position, Beginning	<u>-</u>
Net Position, Ending	<u><u>\$ -</u></u>

See notes to financial statements

Village of Shorewood Hills

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December 31, 2021

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Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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

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.

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 percent 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 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

- 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.

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

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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.

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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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 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.

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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

- 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, 2021, 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.

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 state and county governments 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 - 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Tax sale - 2021 delinquent real estate taxes	October 2024

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Accounts receivable have been shown net of an allowance for uncollectible accounts. 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.

Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale.

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.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, 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 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, overhead and an allowance for the cost of funds used during construction when significant. 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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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

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.

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 percent 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 \$145,082 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, 2021, are determined on the basis of current salary rates and include salary related payments.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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.

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.

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	\$ 4,174,375	\$ 3,996,237	\$ (946,754)	\$ 7,223,858
Unrestricted	(2,744,732)	(122,201)	946,754	(1,920,179)

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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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.
- 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 percent of the general fund's current year expenditure budget. The balance at year-end was \$902,703 or 21.8 percent 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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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.

2. Stewardship, Compliance and Accountability

Budgetary Information

A budget has been adopted for the general fund, special revenue funds, debt service fund, and capital project funds. A budget has not been formally adopted for the Donation Fund and the ARPA Fund, which were created in 2020, and 2021, respectively. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

Excess Expenditures and Other Financing Uses Over Budget

<u>Funds</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Excess Expenditures Over Budget</u>
Capital Improvements	\$ 543,000	\$ 814,555	\$ 271,555
Debt Service	1,006,736	1,018,691	11,955
TID No. 3	1,078,812	1,396,078	317,266
TID No. 4	267,610	287,019	19,409
TID No. 5	150,700	165,240	14,540
Waterfront	68,278	80,192	11,914

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 new construction or zero percent. 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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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	\$ 7,458,985	\$ 6,646,709	Custodial credit
LGIP	1,082,309	1,082,309	Credit
Petty cash	<u>210</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 8,541,504</u>	<u>\$ 7,729,018</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 2,605,622		
Per statement of net position, fiduciary fund:			
Custodial fund	<u>5,935,882</u>		
Total deposits and investments	<u>\$ 8,541,504</u>		

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 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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Receivables

All of the receivables on the balance sheet are expected to be collected within one year with the exception of \$5,699 reported in the general fund for delinquent personal property taxes.

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	\$ 4,466,940	\$ -
EMS billing not yet due	54,023	-
Grant received, not yet spent	104,721	-
Receivable not collected in period of availability	<u>-</u>	<u>59,587</u>
 Total unearned/unavailable revenue for governmental funds	 <u>\$ 4,625,684</u>	 <u>\$ 59,587</u>
 Unearned revenue included in liabilities	 \$ 104,721	
 Unearned revenue included in deferred inflows	 <u>4,520,963</u>	
 Total unearned revenue for governmental funds	 <u>\$ 4,625,684</u>	

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated / amortized:				
Land	\$ 1,971,448	\$ 50,000	\$ 29,925	\$ 1,991,523
Construction in progress	<u>142,445</u>	<u>931,804</u>	<u>-</u>	<u>1,074,249</u>
Total capital assets not being depreciated / amortized	<u>2,113,893</u>	<u>981,804</u>	<u>29,925</u>	<u>3,065,772</u>
Capital assets being depreciated / amortized:				
Land improvements	1,122,475	-	-	1,122,475
Buildings	3,292,682	-	-	3,292,682
Machinery and equipment	2,372,104	122,237	94,285	2,400,056
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>13,099,613</u>	<u>122,237</u>	<u>94,285</u>	<u>13,127,565</u>
Total capital assets	<u>15,213,506</u>	<u>1,104,041</u>	<u>124,210</u>	<u>16,193,337</u>
Less accumulated depreciation / amortization for:				
Land improvements	(849,234)	(28,044)	-	(877,278)
Buildings	(1,239,134)	(63,015)	-	(1,302,149)
Machinery and equipment	(1,116,375)	(150,106)	32,482	(1,233,999)
Infrastructure	(1,081,806)	(147,667)	-	(1,229,473)
Intangibles	<u>(12,560)</u>	<u>(11,915)</u>	<u>-</u>	<u>(24,475)</u>
Total accumulated depreciation / amortization	<u>(4,299,109)</u>	<u>(400,747)</u>	<u>32,482</u>	<u>(4,667,374)</u>
Net capital assets being depreciated / amortized	<u>8,800,504</u>	<u>(278,510)</u>	<u>61,803</u>	<u>8,460,191</u>
Total governmental activities capital assets, net of accumulated depreciation / amortization	<u>\$ 10,914,397</u>	<u>\$ 703,294</u>	<u>\$ 91,728</u>	<u>\$ 11,525,963</u>

Depreciation / amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 57,864
Public safety	31,347
Public works	229,487
Culture, education and recreation	<u>82,049</u>
Total governmental activities depreciation expense	<u>\$ 400,747</u>

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water				
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	3,479,203	25,359	4,107	3,500,455
General	<u>33,062</u>	<u>-</u>	<u>-</u>	<u>33,062</u>
Total capital assets being depreciated	<u>3,815,248</u>	<u>25,359</u>	<u>4,107</u>	<u>3,836,500</u>
Total capital assets	<u>3,826,760</u>	<u>25,359</u>	<u>4,107</u>	<u>3,848,012</u>
Less accumulated depreciation for:				
Water utility plant	<u>(917,524)</u>	<u>(77,641)</u>	<u>4,107</u>	<u>(991,058)</u>
Total accumulated depreciation	<u>(917,524)</u>	<u>(77,641)</u>	<u>4,107</u>	<u>(991,058)</u>
Net capital assets being depreciated	<u>2,897,724</u>	<u>(52,282)</u>	<u>-</u>	<u>2,845,442</u>
Net water capital assets	<u>\$ 2,909,236</u>	<u>\$ (52,282)</u>	<u>\$ -</u>	<u>\$ 2,856,954</u>
Sewer				
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>(508,200)</u>	<u>(33,996)</u>	<u>-</u>	<u>(542,196)</u>
Total accumulated depreciation	<u>(508,200)</u>	<u>(33,996)</u>	<u>-</u>	<u>(542,196)</u>
Net capital assets being depreciated	<u>1,171,443</u>	<u>(33,996)</u>	<u>-</u>	<u>1,137,447</u>
Net sewer capital assets	<u>\$ 1,171,443</u>	<u>\$ (33,996)</u>	<u>\$ -</u>	<u>\$ 1,137,447</u>
Stormwater				
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>(288,581)</u>	<u>(39,605)</u>	<u>-</u>	<u>(328,186)</u>
Total accumulated depreciation	<u>(288,581)</u>	<u>(39,605)</u>	<u>-</u>	<u>(328,186)</u>
Net capital assets being depreciated	<u>1,691,709</u>	<u>(39,605)</u>	<u>-</u>	<u>1,652,104</u>
Net stormwater capital assets	<u>\$ 1,691,709</u>	<u>\$ (39,605)</u>	<u>\$ -</u>	<u>\$ 1,652,104</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 5,772,388</u>	<u>\$ (125,883)</u>	<u>\$ -</u>	<u>\$ 5,646,505</u>

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Depreciation / amortization expense was charged to functions as follows:

Business-Type Activities

Water	\$ 73,333
Sewer	33,996
Stormwater	<u>39,605</u>
Total business-type activities depreciation expense	<u>\$ 146,934</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	\$ 2,142
Sewer Utility	General Fund	814
Stormwater Utility	General Fund	<u>1,001</u>
Total, fund financial statements		3,957
Less government-wide eliminations		(7,914)
Add interfund advances		<u>141,526</u>
Total internal balances, government-wide statement of net position		<u>\$ 137,569</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities	Business-type activities	\$ 141,526
Business-type activities	Governmental activities	<u>(3,957)</u>
Total government-wide financial statements		<u>\$ 137,569</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 general fund is advancing funds to the water 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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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	\$ 141,526	\$ 141,526

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	\$ 60,195	Tax equivalent
Debt Service Fund	General Fund	991,317	Debt service
Debt Service Fund	Swimming Pool Fund	11,956	Debt service
General Fund	Capital Improvement Fund	100,000	Budgeted funds transfer
			Heiden Haus expenditure
Capital improvements fund	Donation Fund	<u>324,384</u>	reimbursement from donations
Total, fund financial statements		1,487,852	
Less fund eliminations		<u>(1,427,657)</u>	
Total transfers, government-wide statement of activities		<u>\$ 60,195</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.

Short-Term Debt Activity

Short-term debt activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
General obligation debt from direct borrowings and direct placements	\$ 100,000	\$ -	\$ 100,000	\$ -

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 12,310,828	\$ -	\$ 1,511,204	\$ 10,799,624	\$ 1,563,272
Unamortized premiums	<u>240,463</u>	<u>-</u>	<u>34,579</u>	<u>205,884</u>	<u>34,580</u>
Total bonds and notes payable	<u>12,551,291</u>	<u>-</u>	<u>1,545,783</u>	<u>11,005,508</u>	<u>1,597,852</u>
Other liabilities:					
Vested compensated absences	429,435	50,291	149,664	330,062	90,356
Village share of landfill deficit	<u>45,999</u>	<u>-</u>	<u>4,019</u>	<u>41,980</u>	<u>-</u>
Total other liabilities	<u>475,434</u>	<u>50,291</u>	<u>153,683</u>	<u>372,042</u>	<u>90,356</u>
Total governmental activities long-term liabilities	<u>\$ 13,026,725</u>	<u>\$ 50,291</u>	<u>\$ 1,699,466</u>	<u>\$ 11,377,550</u>	<u>\$ 1,688,208</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 1,829,172	\$ -	\$ 203,796	\$ 1,625,376	\$ 206,728
Unamortized premiums	<u>47,627</u>	<u>-</u>	<u>6,213</u>	<u>41,414</u>	<u>-</u>
Total bonds and notes payable	<u>1,876,799</u>	<u>-</u>	<u>210,009</u>	<u>1,666,790</u>	<u>206,728</u>
Total business-type activities long-term liabilities	<u>\$ 1,876,799</u>	<u>\$ -</u>	<u>\$ 210,009</u>	<u>\$ 1,666,790</u>	<u>\$ 206,728</u>

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, 2021, was \$33,629,270. Total general obligation debt outstanding at year end was \$12,425,000.

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>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
General Obligation Debt					
G.O. corp purpose bonds	05/16/12	03/01/27	2.00 - 2.50%	\$ 2,605,000	\$ 650,000
Taxable G.O. corp purpose bonds	06/10/13	05/01/30	2.00 - 3.55	3,155,000	1,820,000
G.O. refunding bonds	08/05/13	05/01/33	2.00 - 4.00	2,500,000	1,712,541
G.O. promissory notes	06/08/15	05/01/25	1.50 - 2.50	2,032,083	912,083
G.O. promissory note	05/03/17	05/01/27	2.00 - 3.00	3,585,000	2,215,000
G.O. promissory note	01/07/19	05/01/29	3.00 - 4.00	2,250,000	1,910,000
G.O. promissory note	11/13/19	05/01/28	2.00 - 3.00	1,790,000	<u>1,580,000</u>
Total governmental activities, general obligation debt					<u>\$ 10,799,624</u>

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

<u>Business-Type Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2021</u>
<u>General Obligation Debt</u>					
G.O. corp. purpose bonds	05/16/12	03/01/27	2.00 - 2.50%	\$ 145,000	\$ 60,000
G.O. refunding bonds	08/05/13	05/01/33	2.00 - 4.00	560,000	432,459
G.O. promissory notes	06/08/15	05/01/25	1.50 - 2.50	167,917	77,917
G.O. promissory note	05/03/17	05/01/27	2.00 - 3.00	515,000	315,000
G.O. promissory note	11/13/19	05/01/19	2.00 - 3.00	815,000	<u>740,000</u>
Total business-type activities, general obligation debt					<u>\$ 1,625,376</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>		<u>Business-Type Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,563,272	\$ 303,221	\$ 206,728	\$ 45,814
2023	1,650,942	261,551	234,058	40,741
2024	1,725,079	212,826	244,921	34,219
2025	1,380,434	166,006	149,566	28,477
2026	1,086,885	128,872	128,115	24,356
2027-2031	3,173,901	231,736	571,099	58,074
2032-2033	<u>219,111</u>	<u>8,764</u>	<u>90,889</u>	<u>3,636</u>
Total	<u>\$ 10,799,624</u>	<u>\$ 1,312,976</u>	<u>\$ 1,625,376</u>	<u>\$ 235,317</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.

Lessor, Operating Leases

The Village is leasing real estate, including buildings and structures presently located thereon, to Blackhawk Country Club, Inc. for use as a golf course and country club. The land originally cost the village \$57,000. The clubhouse and additional structures were paid for by Blackhawk Country Club, Inc. but are subject to the provisions of the lease.

Base rent for the period January 1, 2015 through December 31, 2015 was \$100,000. Beginning January 1, 2016 and on January 1 of each lease year through and including January 1, 2024, base rent shall increase to an amount equal to the greater of: (1) base rent for the immediately preceding year or (2) \$100,000 plus the product calculated by multiplying \$300 by net new members, as defined in the lease. On January 1, 2025, base rent shall increase to an amount equal to the greater of: (1) base rent for the immediately preceding lease year or (2) inflation adjusted base rent, as defined in the lease. On January 1, 2026 and on January 1 of each lease year thereafter, including an extended term of the lease, base rent shall be modified by adjusting the base rent for the immediately preceding lease year by 100 percent of the post-2025 adjustment multiplier, as defined in the lease.

The lease term currently ends on December 31, 2034; however, the lease provides an option to extend the term of the lease for one additional ten-year period ending December 31, 2044, subject to certain conditions provided in the lease.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 1,991,523
Construction in progress	1,074,249
Other capital assets, net of accumulated depreciation	8,460,191
Less long-term debt outstanding	(10,799,624)
Plus unspent capital related debt proceeds	887,166
Plus noncapital debt proceeds	2,766,754
Less unamortized debt premium	<u>(205,884)</u>
Total net investment in capital assets	<u><u>\$ 4,174,375</u></u>

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, 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
Fund Balances									
Nonspendable:									
Advances	\$ -	\$ -	\$ -	\$ 141,526	\$ -	\$ -	\$ -	\$ -	\$ 141,526
Prepaid items	31,353	-	-	-	-	-	-	-	31,353
Delinquent personal property taxes	5,699	-	-	-	-	-	-	-	5,699
Subtotal	<u>37,052</u>	<u>-</u>	<u>-</u>	<u>141,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,578</u>
Restricted for:									
Debt service	-	-	19,896	-	-	-	-	-	19,896
TIF projects	-	-	-	-	491,066	328,730	8,296	-	828,092
Park and forestry	-	-	-	-	-	-	-	9,950	9,950
Garden club	-	-	-	-	-	-	-	1,841	1,841
Subtotal	<u>-</u>	<u>-</u>	<u>19,896</u>	<u>-</u>	<u>491,066</u>	<u>328,730</u>	<u>8,296</u>	<u>11,791</u>	<u>859,779</u>
Committed to:									
Future pool projects	-	273,258	-	-	-	-	-	-	273,258
Future marina projects	-	-	-	-	-	-	-	56,047	56,047
Subtotal	<u>-</u>	<u>273,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,047</u>	<u>329,305</u>
Assigned to:									
Four corners	263	-	-	-	-	-	-	-	263
Land recreation	19,685	-	-	-	-	-	-	-	19,685
Tennis	12,058	-	-	-	-	-	-	-	12,058
Outdoor basketball	1,064	-	-	-	-	-	-	-	1,064
Outdoor soccer	18,785	-	-	-	-	-	-	-	18,785
Canoe/kayak	833	-	-	-	-	-	-	-	833
Capital projects	-	-	-	92,011	-	-	-	-	92,011
Subtotal	<u>52,688</u>	<u>-</u>	<u>-</u>	<u>92,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,699</u>
Unassigned:	<u>902,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>902,703</u>
Total fund balances	<u><u>\$ 992,443</u></u>	<u><u>\$ 273,258</u></u>	<u><u>\$ 19,896</u></u>	<u><u>\$ 233,537</u></u>	<u><u>\$ 491,066</u></u>	<u><u>\$ 328,730</u></u>	<u><u>\$ 8,296</u></u>	<u><u>\$ 67,838</u></u>	<u><u>\$ 2,415,064</u></u>

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Business-Type Activities

Net investment in capital assets:	
Land	\$ 11,512
Other capital assets, net of accumulated depreciation	5,634,993
Less Long-term debt outstanding	(1,625,376)
Plus unspent capital related debt proceeds	16,522
Less unamortized debt premium	<u>(41,414)</u>
Total net investment in capital assets	<u>\$ 3,996,237</u>

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>.

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, 2021

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>
2011	(1.2)	11.0
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

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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 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 \$105,407 in contributions from the Village.

Contribution rates for the plan year reported as of December 31, 2021 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 %	11.65 %
Protective without Social Security	6.75 %	16.25 %

Pension Liability (asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Village reported a liability (asset) of \$(603,067) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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 liability (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, 2020, the Village's proportion was 0.00965968 percent, which was a decrease of 0.00012493 percent from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Village recognized pension expense of \$(107,364).

At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 872,823	\$ 188,004
Changes in assumptions	13,678	-
Net differences between projected and actual earnings on pension plan investments	-	1,132,209
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,025	4,248
Employer contributions subsequent to the measurement date	<u>108,109</u>	<u>-</u>
Total	<u>\$ 996,635</u>	<u>\$ 1,324,461</u>

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

\$108,109 reported as deferred outflows 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (net)</u>
2022	\$ (111,032)
2023	(31,287)
2024	(206,229)
2025	(87,387)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*:	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9 percent 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Village of Shorewood Hills

Notes to Financial Statements

December 31, 2021

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:

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.3
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4 percent
Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

Single Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00 percent and a municipal bond rate of 2.00 percent. (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, 2020. 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 7.00 percent expected rate of return implies that a dividend of approximately 1.9 percent 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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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 7.00 percent, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
Village's proportionate share of the net pension liability (asset)	\$ 574,036	\$ (603,067)	\$ (1,467,641)

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, 2021, 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.

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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

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 12/31/21</u>
June 22, 2013	4	Walnut Grove	5.00 %	2016-2030	\$ 900,000	\$ 648,833
March 16, 2015	3	700 University Bay Drive	5.00	2017-2029	2,100,000	1,830,079
January 19, 2016	3	The Boulevard	5.00	2018-2028	495,000	360,963
April 27, 2016	5	Lodge - Phase 2	5.00	2019-2043	2,490,000	2,537,076

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 6.15 percent.

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 \$10,290 in 2021.

Financial information of the District as of December 31, 2021 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, 2020 is a deficit of \$671,750. 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 6.25 percent, which amounts to \$41,980 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.

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Subsequent Events

On April 6, 2022, the Village issued note anticipation notes in the amount of \$6,250,000 with an interest rate of 1.01 percent. The proceeds will be used for capital projects including general capital improvements, planned construction to University Avenue, and TID No. 3 projects. The notes are anticipated to be paid off on July 6, 2022, with the 2022 general obligation refunding bonds issued on May 2, 2022.

On May 2, 2022, the Village issued general obligation refunding bonds in the amount of \$6,080,000 with an interest rate of 3.00 - 5.00 percent.

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>2021 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.	\$ 200,294
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.	142,959

Village of Shorewood Hills

Notes to Financial Statements
December 31, 2021

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property	\$ 2,917,776	\$ 2,917,776	\$ -
Interest and penalties on taxes	<u>-</u>	<u>60</u>	<u>60</u>
Total taxes	<u>2,917,776</u>	<u>2,917,836</u>	<u>60</u>
Intergovernmental			
State shared revenues	30,370	30,017	(353)
Fire insurance tax (2 percent fire dues)	22,500	21,701	(799)
State aid, exempt computer	18,055	18,055	-
State aid, law enforcement	1,600	5,119	3,519
State aid, road allotment	307,017	306,614	(403)
State aid, recycling	14,912	14,964	52
Other state payments	<u>5,623</u>	<u>8,008</u>	<u>2,385</u>
Total intergovernmental	<u>400,077</u>	<u>404,478</u>	<u>4,401</u>
Licenses and Permits			
Business and occupational licenses	1,900	2,070	170
Liquor and malt beverage licenses	5,215	5,450	235
Cable television franchise fees	27,045	21,895	(5,150)
Dog and cat licenses	4,500	2,787	(1,713)
Other nonbusiness licenses	1,000	90	(910)
Building permits	16,000	32,433	16,433
Electrical permits	6,500	8,029	1,529
Plumbing permits	6,000	7,375	1,375
Heating and air conditioning permits	6,300	6,522	222
Other permits	1,500	3,223	1,723
Zoning permits and fees	<u>3,100</u>	<u>1,550</u>	<u>(1,550)</u>
Total licenses and permits	<u>79,060</u>	<u>91,424</u>	<u>12,364</u>
Fines, Forfeitures and Penalties			
Court penalties and costs	26,800	19,766	(7,034)
Parking violations	<u>30,000</u>	<u>16,219</u>	<u>(13,781)</u>
Total fines, forfeitures and penalties	<u>56,800</u>	<u>35,985</u>	<u>(20,815)</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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Charges for Services			
Clerk's fees	\$ 1,130	\$ 949	\$ (181)
Law enforcement fees	500	845	345
Parks	3,325	2,550	(775)
Recreation, four corners	22,100	18,375	(3,725)
Recreation, tennis	28,500	55,395	26,895
Recreation, basketball	2,010	1,960	(50)
Recreation, golf	5,000	4,489	(511)
Recreation, land	25,000	26,225	1,225
Recreation, soccer	5,000	13,940	8,940
Recreation, kayak/canoe	560	945	385
Recreation, surcharges	<u>4,000</u>	<u>11,883</u>	<u>7,883</u>
Total public charges for services	<u>97,125</u>	<u>137,556</u>	<u>40,431</u>
Investment Income			
Interest on investments	30,000	4,110	(25,890)
Miscellaneous			
Rent	135,000	142,719	7,719
Insurance recoveries	-	8,993	8,993
Donations	15,000	5,589	(9,411)
Developer share of Madison Fire expense	63,000	53,139	(9,861)
Reimbursement for services, utilities	35,656	35,656	-
Reimbursement for services, Waterfront	18,077	18,077	-
Other miscellaneous	<u>34,000</u>	<u>23,136</u>	<u>(10,864)</u>
Total miscellaneous	<u>300,733</u>	<u>287,309</u>	<u>(13,424)</u>
Total revenues	<u>3,881,571</u>	<u>3,878,698</u>	<u>(2,873)</u>
Expenditures			
General Government			
Village board	2,800	4,433	(1,633)
Committees	1,200	714	486
Judicial	42,776	36,542	6,234
Legal	38,500	58,873	(20,373)
Administrator	125,739	152,587	(26,848)
Clerk	136,323	100,517	35,806
Personnel	73,350	77,726	(4,376)
Elections	5,000	4,411	589
Data processing	59,672	74,763	(15,091)
Finance	38,425	44,122	(5,697)
Assessment of property	10,190	10,333	(143)
Risk and property management	69,500	62,147	7,353
Buildings and plant	73,000	82,002	(9,002)
Village hall	<u>5,727</u>	<u>10,440</u>	<u>(4,713)</u>
Total general government	<u>682,202</u>	<u>719,610</u>	<u>(37,408)</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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Public Safety			
Police	\$ 883,383	\$ 865,014	\$ 18,369
Fire protection	606,485	605,686	799
Inspection	28,652	31,734	(3,082)
Dispatch	<u>8,002</u>	<u>7,624</u>	<u>378</u>
Total public safety	<u>1,526,522</u>	<u>1,510,058</u>	<u>16,464</u>
Public Works			
Public works department, aidable	118,434	98,030	20,404
Public works department, nonaidable	168,182	144,056	24,126
Garage	28,000	30,164	(2,164)
Street lighting	22,200	19,986	2,214
Storm sewer maintenance	235	281	(46)
Bus service, disabled	30,000	30,000	-
Refuse and garbage collection	100,154	104,450	(4,296)
Landfill	10,290	10,290	-
Leaf collection	<u>55,720</u>	<u>41,006</u>	<u>14,714</u>
Total public works	<u>533,215</u>	<u>478,263</u>	<u>54,952</u>
Culture, Education and Recreation			
Community center	5,320	9,920	(4,600)
Parks	178,116	176,862	1,254
Special events	17,600	-	17,600
Recreation, four corners	12,900	19,078	(6,178)
Recreation, tennis	23,400	39,893	(16,493)
Recreation, basketball	2,075	1,496	579
Recreation, golf	4,500	4,499	1
Recreation, land	13,200	19,788	(6,588)
Recreation, soccer	<u>4,000</u>	<u>9,158</u>	<u>(5,158)</u>
Total culture, education and recreation	<u>261,111</u>	<u>280,694</u>	<u>(19,583)</u>
Conservation and Development			
Forestry	16,000	15,856	144
Planning	<u>4,500</u>	<u>8,105</u>	<u>(3,605)</u>
Total conservation and development	<u>20,500</u>	<u>23,961</u>	<u>(3,461)</u>
Capital Outlay			
General administration	<u>5,000</u>	<u>3,233</u>	<u>1,767</u>
Total expenditures	<u>3,028,550</u>	<u>3,015,819</u>	<u>12,731</u>
Excess of revenues over expenditures	<u>853,021</u>	<u>862,879</u>	<u>9,858</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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Other Financing Sources (Uses)			
Transfers in	\$ 162,000	\$ 160,195	\$ (1,805)
Transfers out	<u>(1,006,736)</u>	<u>(991,317)</u>	<u>15,419</u>
Total other financing sources (uses)	<u>(844,736)</u>	<u>(831,122)</u>	<u>13,614</u>
Net change in fund balance	8,285	31,757	23,472
Fund Balance, Beginning	<u>960,686</u>	<u>960,686</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 968,971</u>	<u>\$ 992,443</u>	<u>\$ 23,472</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, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues			
Public Charges for Services			
Membership fees	\$ 460,000	\$ 552,442	\$ 92,442
Team register fees	30,000	15,007	(14,993)
Daily admissions	19,500	13,446	(6,054)
Pop machine sales	1,400	-	(1,400)
Soda Pop Vendor Rebate	2,500	422	(2,078)
Extended Season	25,500	-	(25,500)
Concession sales	-	33,601	33,601
Badger State Games	14,000	-	(14,000)
Red Cross Lifeguard Class	-	296	296
Red Cross Lifeguard Recert	-	150	150
Red Cross Water Safety Instr	-	250	250
Rent private clubs	-	29,676	29,676
Total public charges for services	<u>552,900</u>	<u>645,290</u>	<u>92,390</u>
Miscellaneous			
Donations	-	4,183	4,183
Total revenues	<u>552,900</u>	<u>649,473</u>	<u>96,573</u>
Expenditures			
Culture, Education and Recreation			
Accounting	49,489	47,965	1,524
Insurance	3,495	3,495	-
Staff	259,378	271,658	(12,280)
Repair and maintenance	78,750	88,485	(9,735)
Other operating expenditures	144,300	134,457	9,843
Total culture, education and recreation	<u>535,412</u>	<u>546,060</u>	<u>(10,648)</u>
Capital Outlay			
Culture, education and recreation	<u>32,800</u>	<u>5,338</u>	<u>27,462</u>
Total expenditures	<u>568,212</u>	<u>551,398</u>	<u>16,814</u>
Excess (deficiency) of revenues over expenditures	(15,312)	98,075	113,387
Other Financing Sources (Uses)			
Transfers out	<u>(11,956)</u>	<u>(11,956)</u>	<u>-</u>
Net change in fund balance	(27,268)	86,119	113,387
Fund Balance, Beginning	<u>187,139</u>	<u>187,139</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 159,871</u>	<u>\$ 273,258</u>	<u>\$ 113,387</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, 2021

Village Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
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, 2021

Village Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
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

Notes to Required Supplementary Information
Year Ended December 31, 2021

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. No significant change in assumptions were noted from the prior year.

SUPPLEMENTARY INFORMATION

Village of Shorewood Hills

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Waterfront</u>	<u>Donation Fund</u>	<u>ARPA Fund</u>	
Assets				
Cash and investments	\$ 58,002	\$ 11,791	\$ 104,721	\$ 174,514
Receivables:				
Customer accounts	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total assets	<u>\$ 58,052</u>	<u>\$ 11,791</u>	<u>\$ 104,721</u>	<u>\$ 174,564</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 13	\$ -	\$ -	\$ 13
Accrued liabilities	632	-	-	632
Deposits	1,360	-	-	1,360
Unearned revenues	<u>-</u>	<u>-</u>	<u>104,721</u>	<u>104,721</u>
Total liabilities	<u>2,005</u>	<u>-</u>	<u>104,721</u>	<u>106,726</u>
Fund Balances				
Restricted	-	11,791	-	11,791
Committed	<u>56,047</u>	<u>-</u>	<u>-</u>	<u>56,047</u>
Total fund balances	<u>56,047</u>	<u>11,791</u>	<u>-</u>	<u>67,838</u>
Total liabilities and fund balances	<u>\$ 58,052</u>	<u>\$ 11,791</u>	<u>\$ 104,721</u>	<u>\$ 174,564</u>

Village of Shorewood Hills

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended December 31, 2021

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Waterfront</u>	<u>Donation Fund</u>	<u>ARPA Fund</u>	
Revenues				
Public charges for services	\$ 71,078	\$ -	\$ -	\$ 71,078
Miscellaneous revenues	554	236,810	-	237,364
	<u>71,632</u>	<u>236,810</u>	<u>-</u>	<u>308,442</u>
Expenditures				
Current:				
Culture, recreation and education	80,192	-	-	80,192
Conservation and development	-	15,893	-	15,893
	<u>80,192</u>	<u>15,893</u>	<u>-</u>	<u>96,085</u>
Excess (deficiency) of revenues over expenditures	<u>(8,560)</u>	<u>220,917</u>	<u>-</u>	<u>212,357</u>
Other Financing Sources (Uses)				
Transfers out	-	(324,384)	-	(324,384)
	<u>-</u>	<u>(324,384)</u>	<u>-</u>	<u>(324,384)</u>
Net change in fund balances	(8,560)	(103,467)	-	(112,027)
Fund Balances, Beginning	<u>64,607</u>	<u>115,258</u>	<u>-</u>	<u>179,865</u>
Fund Balances, Ending	<u>\$ 56,047</u>	<u>\$ 11,791</u>	<u>\$ -</u>	<u>\$ 67,838</u>